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# BOSTON TAXI STUDY

FINAL REPORT / May 1978



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BOSTON TAXI STUDY

MAY 1978

FINAL REPORT

Prepared for

Mayor Kevin H. White

Emily Lloyd  
Transportation Advisor

Alex Taft  
Transportation Specialist





CITY OF BOSTON

TRAFFIC AND PARKING  
COMMISSION

CHAIRMAN

Commissioner

*Traffic and Parking Department*

ASSOCIATE COMMISSIONERS

Commissioner

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*Fire Department*

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*Public Works Department*

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*Real Property Department*



TRAFFIC AND PARKING DEPARTMENT

ONE CITY HALL SQUARE

BOSTON, MASSACHUSETTS 02201

725-4682

EMILY LLOYD  
Commissioner

ROBERT F. DRUMMOND  
Traffic Engineering Director

May 12, 1978

Dear Reader:

The enclosed booklet, The 1978 Boston Taxi Study (Final Report), is submitted to you as an interested party regarding taxi regulations in Boston. Developed as a result of research and analysis of the taxi industry in Boston, New York, Philadelphia, Washington, Chicago, St. Louis, Los Angeles, and San Francisco, the study points out various conditions and procedures in these cities' taxi industries and makes recommendations to improve both the health of Boston's taxi industry and the taxi service provided to Boston residents and visitors to the City.

Upon review of the initial findings of the Study distributed in April, 1978, to industry representatives and government agencies, one recommendation was added (regarding taxi roof light operation) and one recommendation was eliminated (regarding a complete financial statement from a potential medallion buyer which, if implemented, could discourage those with low assets, but high work resources from entering the ownership sector of the industry).

You will note in Appendix J that although there is disagreement from the industry representatives regarding the recommendations, there is also substantial agreement with the report on many of the recommendations.

Finally, it should be noted that the Boston Police Department has already begun implementation of several of the recommendations, for instance, disclosure of medallion transfer information, inspection schedules, and driver testing.

It is hoped that this report will lay the groundwork for ongoing discussions of ways to improve service to the public and strengthen the industry.

Sincerely,

Emily Lloyd

EL/ej



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Boston Cab Company  
City of Boston Cab Association  
Independent Taxi Operators Association  
Red and White Cab Association  
Taxi Drivers and Chouffers Union Local 496



## PREFACE

This report is the product of information gathered in seven American Cities in the month of October 1977. The seven cities visited were New York, Philadelphia, Washington, Chicago, St. Louis, Los Angeles, and San Francisco. Interviews were conducted with the persons charged with regulation of taxicabs in the seven cities and those industry representatives (fleet owners, individual owners, association directors and drivers) available during the day's visit in each city. Each city differed in its approach toward regulation and in its makeup of cab ownership and operation.

Additionally, information was gathered from preliminary data developed by Cambridge Systematics Incorporated under the direction of Mr. Bob Geil. This data involved the ownership and financing arrangements for Boston cabs as available in records of the Boston Police Department Hackney Bureau. Lt. Sheridan of the Hackney Bureau and Mr. Nick Foundas, Police Department Legal Counsel, were interviewed in regard to current regulation of taxis in Boston.

A compendium of salient information on taxi regulation in Boston and the seven cities visited is listed in table 1. Appendices A through G are written summaries of interviews in the seven cities. The initial findings of this report (dated March, 1978) were reviewed by taxi industry representatives and affected government agencies in the month of April, 1978. Comments received by April 28, 1978, are incorporated in this final report as appendix J.



## INTRODUCTION

The cab industry in major cities has experienced a declining economic situation over the last twenty-five years. The demand for taxis has decreased for various reasons while the costs of operations have increased.

On the demand side, the increased ownership and use of automobiles in metropolitan areas and the commensurate move of the majority of the area's population to the suburbs, has decreased the use of taxi cabs as a means of exclusive-use transportation. Also, the decline of the center city as a residential area and entertainment center has hurt the cab business. Additionally, the decline of rail passenger patronage with its end points located downtown has decreased taxi usage. Public transportation for the most part has changed from private ownership to public ownership. It is subsidized to a large extent, which has increased the competitive edge of public transportation over the taxicab.

The development of convenient parking garages attached to hotels has encouraged visitors to drive to these establishments. Airports have been located either outside the city limits or at a great distance from the commercial center of cities. This has made a taxi trip a luxury item. Most patronage appears to come from visitors to a city, the well-to-do in the center city, and the poor who are taxi dependent because they cannot afford a private automobile.

On the cost side, New York, Chicago, St. Louis, and San Francisco have highly articulate and powerful unions which have raised the cost of labor for taxi operations in an industry that is labor intensive. Maintenance costs in all cities have risen greatly because of parts, and, again, labor costs. Insurance costs in the center cities are high,

due to many more automobiles using the streets and the higher crime rates in the center city.\* Gasoline has become a very high variable cost in taxi operations.

The taxi industry has thus fallen to providing a very exclusive and unique service either for those with no other alternative or those who are willing to pay.\* In most cities the industry has not attempted to stimulate demand, either through special programs or aggressive competition with its competitors - the private auto and public transportation. Boston is an exception with its "Share-a-cab" and elderly discount programs. Nation-wide, the industry has attempted to deal with the cost side of the business either through demand for higher fares, reduction of hours of operation, or reduction in other exemptions.

Reduction of hours of operation has come about in different ways in different cities. In St. Louis, Philadelphia, and Los Angeles companies are not operating all the cabs they are authorized to operate. In New York, fleet owners are petitioning to remove the regulation that they operate all cabs on two ten hour shifts. The decline in the number of fleets and the growth of owners of a few cabs in New York has brought about a change from a cab being driven by two drivers for a total of twenty hours to the same cab under new ownership being driven by one driver for sixteen hours. A similar reduction in hours of operation of a fleet cab has occurred in Chicago with the advent of leasing. Instead of commissioned drivers keeping a cab on the road for two shifts, many fleet cabs are now leased for 24 hours and driven only during peak demand periods.

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\* Cambridge Systematics Inc. "A Study of Procedures for the Regulations of Taxi Fares in Boston", December, 1975.

\* S. Rosenbloom, "Characteristics of Taxicab Supply and Demand in Selected Metropolitan Areas," General Research Corp., October, 1967.

Efforts to reduce costs have focused on the labor cost. Many cities have instituted leasing of vehicles at the request of the cab industry. Fleet owners lobbied the political body in charge of taxi regulation in each city visited and have been successful in all cities except New York. This has eliminated the obligations of a company as an employer in regards to health insurance, workmen's compensation, and F.I.C.A. taxes. Drivers in a leased situation must bear the cost of individual health insurance and the lack of workmen's compensation. On the other hand, drivers may obscure their earnings from the tax collector under leasing. Another response to the high cost situation for companies has been to limit the size of their fleets by selling off to individual owners.

Happily, although many of the problems described apply to Boston as well as to many major American cities, Boston has many elements that make it a "good taxi town". The city has both a dense and compact commercial and entertainment district and several dense residential districts in its downtown. As opposed to many other cities, Boston (despite its blue laws) has an active night life. Its airport is relatively close to the downtown district. Its street patterns and limited parking discourage wholesale use of the private auto for point to point trips in the downtown area.

However, the cab industry in Boston still has difficulty adjusting to the changes in costs in the industry even though the Boston demand situation is better than most cities. The industry's approach has followed that of other cities - the institution of leasing, continual demand for fare increases and the reduction of hours of operation.



These responses by the industry have created difficulty for the City, which is charged with protecting the public's interest in providing safe, efficient cab service at a reasonable cost. The City must try to insure high quality service at a reasonable price and at the same time develop programs and regulations which increase the demand for taxicabs. This strategy is dealt with in detail under the section in Recommendations.

#### CURRENT SITUATION IN BOSTON:

##### Medallions

There are currently 1525 medallions issued in Boston. This is the maximum number that can be issued by the Police Commissioner. Upon petition of an applicant, the Massachusetts Department of Public Utilities may, after a hearing, determine that public convenience and necessity require a higher limit.

Because medallions are freely transferrable and because there are a limited number, there is a free market value. They are bought and sold among those in the taxicab business. The observed value of recently sold medallions was between \$28,000 and \$35,000, with the most recent sales made at the lower price. Three years ago medallions sold in the \$35,000-\$39,000 range. Two years ago they decreased to \$33,000-\$38,000.

##### Demand for Taxis

All evidence, without doing a specific visual inventory, indicates that the number of cabs operating is equal to the number of medallions issued. While on the one hand, twenty to forty cabs allegedly have been observed parked at the race track, on the other hand, gypsy cabs appear to be operating in small numbers in Roxbury, Mattapan, and Brighton. It is also well known that residents of Brighton, Allston, and Jamaica Plain often call cabs from abutting suburban communities for cab service.

There is a seasonal demand for taxi service with the highest demand in the winter. Weekly variations in demand occur, with Friday and Saturday night having the highest demand. Monday and Tuesday night and weekend days are low demand periods.

#### Supply of Taxis

The supply of Boston cabs is very high in relation to the seven other cities. Boston is second only to Washington in the number of cabs operating per 1000 population. It is second only to New York in the number of cabs operating per square mile of area. (see table 2.)

#### Financing Medallions

Evidence has been gathered that points to financing problems for medallion holders. 63% of Boston cabs are financed. Of those that are financed, 335 (35%) are financed through established banks and lending institutions. 65% are financed through individuals, with Park Credit Corporation financing 181 (19%) and Brighton Discount financing 290 (30%). (see table 3.)

The interest paid by medallion holders averages 9% to 10% "add-on" interest. This produces a real interest rate of 15%-16%. Approximately one-third of the medallion holders who are financing thus end up paying between \$500 and \$700 per month for their medallions. The combination of the high interest rate and the high medallion price produces this hefty payment. It amounts to paying between 1/3 and 1/5 of gross revenue for debt service. Another third of financed medallion holders pay between \$200 and \$300 for debt service. Even this level of payment puts a strain on operating a cab. High debt service costs mean less money available to the medallion holder for good equipment, car washes, maintenance, and cosmetic treatment. Not only do the high debt service payments cause deferred spending on the cost side of operating a cab,

but also demand maximizing revenue operation of the cab. This leaves less time to perform routine maintenance and at the same time increases the likelihood of major maintenance. It becomes necessary to choose between keeping the axle and transmission operating and providing a clean, solid cab. While the average taxi owner can earn \$400 in a six day week, payments for a financed medallion, financed car, and insurance alone range from \$130 to \$255 per week. Simply stated, the profit structure of operating a cab for an owner financing a medallion at today's prices does not allow enough of a rate of return to sustain such high interest rates.

#### Rate Structure

Boston's rate structure is unique in that there is a relatively low "drop" and relatively high mileage rate. Boston finds itself in this condition for two reasons. Historically Boston's mileage rate (the charge for one mile of a taxi ride excluding the "drop") has been increased a greater percentage than the drop rate. Over the past seven rate increases since 1953 the drop rate has been increased three times and the mileage rate has been increased five times. This has resulted in a 71% increase in the drop and a 200% increase in the mileage rate from February, 1953 to the present. Additionally the last rate adjustment in June, 1976, resulted in an exceptionally large mileage increase. (see table 8) This rate was designed to benefit those taking short rides, especially those who depend on taxis for necessary trips. However, it does provide an incentive to drivers to work the airport since most trips from the airport are longer trips. The rate is disadvantageous to operators in low population density areas who provide short trips. They have a high overhead for the relatively small number of trips they provide. Additionally, Boston has a night and weekend surcharge of 50¢



per ride which was intended to encourage more cabs to operate at this time. Experience to date indicates that the surcharge has not put more cabs on the street.

There is also a 50¢ surcharge to cabs for using the airport pool that is passed on to the customer.

#### Condition of Taxis

Compared with other cities, Boston cabs appear to be dirty and in poor mechanical condition. Interviews with long-time observers of the taxi industry reveal a belief that the outside appearance of the cabs is worse than ten years ago, but that the interiors of cabs are not dirtier than they were ten years ago.

Factors affecting the appearance and cleanliness of cabs are (1) level of enforcement and (2) costs of maintaining a cab in good shape. Although the cost of maintenance (and other operating costs) have risen, the lack of enforcement appears to be the determining factor in the poor condition of cabs. Evidence from the other cities shows that the cab industry in those cities has experienced the same rising costs, but that cities with a high level of enforcement have cleaner and more mechanically sound cabs. Boston's experience of the past several years is that violations have either not been cited or, when cited, often have not been processed to any sort of disciplinary disposition. However, the recent new personnel to the Hackney Bureau has produced an increase in the number of citations, and the processing of violations is being codified and monitored.

#### Radio Business

An estimated 44% of all taxi rides in Boston are solicited by telephone and dispatched to the caller's location by radio. Among fleets and associations the extent of radio business varies widely.

While the Independent Taxi Operators Association with 650 cabs receives only 10% of its business via dispatching, Boston Cab with 93 cabs receives 50% of its business through telephone solicitation (see table 4).

### Leasing

Leasing of cabs in Boston is normally done on a shift basis rather than a daily basis. Average rates vary from \$22-\$25 for days to \$25-\$27 for nights. A rate used by some owners is \$4 per day plus a mileage charge.

### Police Enforcement

As stated earlier, monitoring of the number and status violations is now in effect in the Hackney Bureau. Although there are no summary figures for previous years, the current monitoring process has revealed that for the first ten months of 1977, police issued 2500 citations for violations of the Hackney rules, including moving vehicle violations. It is felt that this is a significant increase over past years. For the months of August, September, and October between 84% and 89% of the violators showed up at the Hackney Bureau to answer their citation. An average of about 75% of the violators were issued warnings by police officers in the bureau. While the Mobile Operation Patrol (MOP) issued the vast majority of citations through August 1977, District One and District Two issued most citations in September, and in October bureau police officers issued the most violations. The reason issuance of violations shifted away from MOP and towards Districts One and Two and the Hackney Bureau after August is that MOP was reassigned back to school bus safety.

Previous to July, virtually no violations were processed. The most prevalent violations in October were for no hack licence (16), parking violations (12), broken seal on the meter (10), and driving

through a red light (9). The Hackney Bureau has just issued new citation forms that include the following additional information: owner's name, owner's address, VIN number, and operator's signature. Because of this new citation, the Hackney Bureau now has more immediate information regarding the taxi and, with the operator's signature, prima facie evidence that the operator was aware of the violation. Citations must be answered within 48 hours by appearing at the Hackney Bureau. The three part form has one copy for the offender, one copy for the officer issuing the violation, and one copy for the Hackney Bureau. The bureau may either fine or suspend operation by the driver or owner. Currently no fines are issued because (1) the maximum fine is \$20 and requires a home rule petition to raise it, and (2) the Police Legal Office feels there is a question whether a fine can be issued without a court hearing.

A violator may appeal the ruling of the bureau to an appeals board made up of three police captains. Final recourse lies in the judicial court.

### Insurance

Cabs in Boston are required to carry only the minimum private vehicle insurance coverage that is set by state law. There have been allegations of insurance fraud by some owners who receive compensation from an insurance company for an accident but do not repair their vehicle. Because owners are not covered by substantial liability insurance, (and some cannot get the coverage although they have applied for it) they are motivated to maintain a minimum equity in their corporation. With minimum equity they are not likely to lose as much if they are sued. This induces owners of several cabs to have many corporations under which their cabs operate. The public therefore is not as well protected as they are in other cities in the event of an accident.



## Taxi Drivers

There are currently 7,105 cab driver licenses on file in the Hackney Bureau. All of these licenses have been issued since September 27, 1976. They have a three year duration before they must be renewed. Drivers are required to take a test regarding Boston geography, hackney rules, and traffic rules (see figure 1). Lectures on these subjects are given every Tuesday and Thursday.

## Fees

The fee for annual renewal of a medallion is \$50. The fee for a three year drivers license is \$17. Various other fees are imposed when changes in the status of a cab occurs. (see table 6.)

## Vehicle Inspection

The Hackney Bureau plans to commence inspections on May 1, 1978 and complete all 1525 cabs by Mid-June, 1978, when all cabs must have the 1978 medallion attached to the vehicle. They propose to do the inspections in Hyde Park where a measured mile is located. In addition to bureau personnel, they hope to have a person from the Division of Weights and Measures to test and seal taximeters and two State Registry personnel to perform the state vehicle inspection. Presently only those in violation of taximeter or vehicle regulations are being inspected. The taximeter sealer is located in Hyde Park at Walk Hill and Hyde Park Avenue, and works from 9 a.m. to 3 p.m., Monday through Friday. He is sealing only those meters found in violation.

## Licensing Authority

The Police Commissioner is the sole licensing authority for taxicabs. It appears the Commissioner has broad powers in the approval of transfers of medallions. He may prescribe "terms, conditions, and limitations." He may set a fee. After a hearing, the Commissioner has the right to refuse a transfer.

## Hackney Bureau Structure

The bureau is composed of one police lieutenant, three patrol officers, three permanent clerks, one temporary clerk, and one intern.

## Cost of Regulation

The Police Department Office of Management and Budget estimates the cost of direct regulation to be \$106,173. (see table 7) Personnel cost is \$92,669. The salary of the Weights and Measures taximeter sealer must be added to the total figure. This is estimated at \$15,000. The amount of time put in by police officers issuing an average of 3,000 citations is estimated at \$6,000.\* This brings the total taxi regulation annual cost to \$127,173.

The Hackney Bureau receives revenue from fees charged owners and drivers:

Driver's licenses (estimated 2,371 yearly)	\$40,307
Medallions (1,525 yearly plus 55 replacements)	\$76,470
Miscellaneous fees	<u>\$ 3,000</u>
TOTAL REVENUE	\$119,777

Thus, the Hackney Bureau operates at a \$7,396 deficit. However, the City of Boston receives at least an additional \$7,625 from fees charged by the Weights and Measures Division for sealing and inspecting taxi meters. In order that ownership and financial data can be analyzed more extensively, and that legal issues regarding enforcement and medallion transactions can be resolved, Cambridge Systematics, Inc. has suggested that an accountant/ analyst at \$20,000 per year and a person with legal training at \$20,000 per year be hired. Also \$3,000 would be necessary for a computer terminal. This amounts to an additional cost of \$43,000.

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\* \$8/hour police officer cost; 15 minutes spent on each citation;  
\$8/hour x  $\frac{1}{4}$  hour x 3,000 citations = \$6,000.



Increased revenue could come from revised fees or imposition of fines. A \$100 annual medallion fee would bring in an additional \$76,250. If \$20 fines were imposed on every citation, it would mean an additional \$60,000.

### CONCLUSIONS

There are certain discernable trends throughout the taxi industry in major American cities. In ownership, there is a trend away from large fleets dominating the industry toward a mixture of fleets, associations, owners of a small number of cabs, and individual owner/drivers. This appears to stem from various factors. Declining business and aging management has led to marginal profitability in fleet operation. Major fleets in Los Angeles and San Francisco were a part of conglomerates that went bankrupt. On the other hand, the taxi business is attractive to the individual small fleet owner who is willing to put in the hours to make a cab profitable. The cities of New York and Chicago have "antiquated" regulations that apply only to fleet cabs, which fleet owners contend, discriminate against their opportunity to turn a profit. The relationship of owners and drivers has changed from predominantly commissioned drivers of company-owned cabs to a leasing situation by drivers for a specified period of time (usually 24 hours) at a specified fee. Financing trends indicate the development, where a medallion market price exists, of brokers who perform the function of bringing medallion buyers and sellers together for a fee and aid new owners in starting up a business.

Most rates are regulated in the cities visited (except St. Louis). In all cities the trend is toward a high "drop" rate relative to the mileage rate. Boston is an exception in that it has a fairly low "drop" rate and high mileage rate. Thus, Boston has the second lowest rate for

a one half mile ride and a rate for a two mile ride that falls in the middle when ranked with the other seven cities. Rate regulation in most cities was based on some analysis of a fair rate of return for taxi operators. Rate regulators thus approached fare increases as they would rate increases for public utilities; that is, the rate of return for owners is a major determinant in order that these owners can attract capital. Taxis were treated as a public utility in this regard. In Philadelphia, St. Louis, Los Angeles, and San Francisco, there were less cabs operating than had operated in previous years. In all of these cases, the reduction in cabs occurred in the fleet companies and not in the associations, small owners, or owner/drivers. Except in San Francisco, fleet owners in these cities felt there was just not the demand for service that would move them to increase their operating costs. The sense of optimism held by small owners, associations and owner/drivers was in contrast to the doom predicted by fleet owners. This may be because the cost problems of small fleet and individual owners are less, because they have more relative investment in time and money in the business, because they have few alternative business opportunities, and because they are either younger or newer participants in the business and so their expectations are more modest.

Entry into and expansion of the industry still remains almost impossible in all cities visited (except Washington). Although all cities had a process by which someone could petition for additional cabs, almost no approvals had been given in the last several years. Boston does have a petitioning process as stated earlier. While there was evidence in other cities that attempts by new applicants had been made to expand the number of cabs, there is no evidence of such attempts in Boston, where the density of cabs is high relative to both population and geographic size.

Except for Washington, all cities used meters as a form of rate calculation. The use of electronic meters is rising, especially among non-fleet cabs. These meters have the capability to compute special fares if any were instituted in the future.

There was little evidence of any special programs, either using cabs as a paratransit mode or for encouraging ridership by different classes of patrons or during different hours of the day. Of course, Boston's "Share-a-cab" program and proposed Downtown Transit Mall are leading the way in this regard.

Regulatory structures were usually housed in independent commissions with either a transportation control emphasis or a public utility control emphasis. Only San Francisco and Boston have regulatory control under the Police Commissioner. In all cases fees for transfer of ownership and renewals are markedly higher than in Boston. (See Table 1.)

#### RECOMMENDATIONS

The goal of these recommendations is to provide maximum taxi service for Boston residents at a price as competitive as possible with mass transit, forms of publicly and privately run paratransit, and the private auto, while maintaining the opportunity for a taxi operator to earn a fair rate of return on his investment and maintaining a stable supply of competent taxi drivers to provide the service. Within this goal priority must be given to the service provided Boston residents, with particular emphasis on elderly, handicapped and poor person's needs. Consideration also should be given to the income and working conditions of drivers in order to attract potential competent drivers to the industry.



The below recommendations are based on regulations observed in other cities that appeared to have a positive effect on quality of service and the price of taxicabs. The recommendations of a regulatory nature attempt to provide solutions to the enforcement of the quality and price of service and assurances of owner responsibility and financial stability. Other recommendations have to do with stimulating the demand for taxi service and possible reorganization of the regulatory authority. Different alternatives for rate regulation are also discussed. Table 9 is a summary of the recommendations, listing action to be taken, time period needed for implementation, agency responsible, and priority.

A. REGULATING OWNERSHIP RESPONSIBILITY AND FINANCIAL STABILITY

As stated earlier only 35% of medallions that are financed are financed through bank loans, while 49% financed medallions are through two companies.

This financing structure for medallions creates severe cost pressures on the small owner, which translates either into pressures for rate increases or a lower quality of service to the rider. It also leads to a high rate of foreclosure and to a faster turnover of medallions, thereby adding a speculative element to the medallion market. Although it is doubtful the Police Commissioner can impose requirements on lenders, he can impose requirements on buyers. Recommendations that would lower the monthly cost of financing, broaden the financing market, and improve the medallion buyer's information regarding financing follow.

Their implementation is based on the Police Commissioner's authority under section 4, Chapter 392 of the Acts of 1930, to wit:...."Licenses granted under this section shall be assignable, subject to the approval of said commissioner, and shall be subject

to such other terms, conditions and limitations, and be issued subject to the payment of such fees, as said commissioner shall from time to time perscribe."

1. Lowering the monthly cost of financing

a. Set up a schedule that links down payments required and length of time required to retire the loan. If a down payment is less than the 20% normally required by banks, then the term of the mortgage should be lengthened. An absolute minimum down payment of 5% should be required at all times. This would ameliorate the temptation of a financier providing a low down payment in order to attract new owners, and at the same time maintaining a high medallion price when such a price may not be warranted. In addition to stimulating demand for medallions by providing a low down payment, such a practice attracts potential owners who may not have the financial stability to stay in the taxi business once they have entered it. When little or no down payment is required by one financier, those potential owners who borrow from a bank with a 20% down payment pay a premium for their medallion. The medallion has a higher price than if all medallion buyers had to pay down 20%, because the number of potential buyers is increased by the lower down payment. An example of a schedule for down payment requirements is listed as follows:

Example: \$30,000 medallion price.

<u>Down Payment</u>	<u>%Down</u>	<u>Mortgage Principal</u>	<u>"Add-On" Interest</u>	<u>Term</u>	<u>Estimated Ave. Monthly Payment</u>	<u>Total Payback</u>
\$6,000	20%	24,000	8%	8 Yrs.	\$410	\$39,360
\$3,000	10%	27,000	9%	11 Yrs.	\$407	\$53,730
\$1,000	5%	28,500	10%	14 YRS	\$407	\$68,400

b. Require that a cash reserve for contingencies be set up by the buyer to insure payment of the monthly finance cost. This reserve would be similar to a performance bond for a contractor doing work for the city. It would also be like the bid price paid by companies and associations to operate a franchised section of Los Angeles. (See appendix F).

2. Expand the number of financiers

The small number of medallion financiers limits the choice of a buyer, thus restricting his ability to gain the best possible financing.

a. Require disclosure of all terms of a financing agreement. A borrower should know if he is required to buy the insurance, the automobile, or the gas from the lender. A comparison on these requirements should be made and disclosed to all potential medallion holders.

b. Require disclosure of exact penalty payments demanded if a payment is late. Again, comparison among financier policies should be made. (The Police Department is currently requiring and receiving such disclosure.)

c. Provide "consumer information" to potential medallion holders. Work with owners' associations to develop symposia on taxi operations and financing. Work with the State Banking Commission and the Small Business Administration to develop financier awareness of the historical return from financing medallions, and hopefully attract more lenders to the market.

d. Lower the price of the medallion. Obviously, the most direct way to affect the lowering of monthly medallion financing costs is to lower the price of the medallion itself. Washington, D.C. which has never limited the number to taxicabs operating in the city has the lowest taxicab rates of all the major cities in the country. However, while free entry into the taxicab business might be a good idea, the need to protect the investment of those currently in the business would require something like a \$45 million subsidy, precluding free entry as a quick solution.

Two methods do exist that are reasonable ways of lowering medallion price while protecting the investment of existing medallion holders. Both methods would require the expansion of the present number of medallions issued and would involve the Police Commissioner in the buying and selling of medallions, as is done in some other cities. The following two recommendations receive a low priority among all proposed recommendations due to the difficulty of implementing them. Yet they are approaches that could be used if future demand and/or a commensurate high medallion price create a crisis situation in the future.



First, the Police Commissioner could be empowered to set the price for medallions based on rate of return on investment, elasticity of demand for cab service, and the mode of operations of the average owner. This is outlined in Cambridge Systematics, recent report to the Police Department.\* It is clear that a minimum price, say \$5,000, should be established to offer stability to the market and require a reasonable investment on the part of a person wishing to own and operate a cab. An escrow account would have to be established from profits on initial sales by the Police Department to be a contingency for the future, if the department must buy medallions.

A second option is to empower the Police Commissioner to auction additional medallions to either existing owners only or to all takers. If the current medallion price was \$30,000, and an additional 152 medallions were auctioned (10% increase over the current 1525), one would expect that the average bid price would be below \$27,000 (a 10% reduction) since the expected profits for a limited supply of medallions would be 10% less over the long run. The proceeds from the sale of additional medallions would be rebated either to existing owners or prorated to existing owners based on what they paid for their current medallions. With this method, medallion prices would be reduced, the public would be provided more taxicabs, and the investment of existing owners would be protected.

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\* Cambridge Systematics ltr. to Comm. Jordan dated 16 Nov. 1977.



The auction process could be continued until the price of all medallions reached a level that was compatible with the profit structure of operating a cab.

3. Improve Medallion Buyer's Information

a. Develop forms delineating the rights of corporation, partnership, or individual entering into borrowing agreements.

b. Require "truth in lending" information be supplied to medallion buyers. Such information would include real interest rate, total principal and interest to be paid over the life of the loan, any penalties for early payment of the loan, collateral required, legal fees, and general debt liability.

c. Require disclosure of any long-term lease/purchase agreements so that the Hackney Bureau is aware of who actually operates the cab. Inform the operator of his rights and liabilities as a long-term lessee as opposed to his rights and liabilities as an owner with a financed medallion.

d. Make all medallion transfers public information. Information should be sent to all owners and drivers either directly or through their associations. The information should include the number of medallions transferred, and at what price. The information could be aggregated (in high, low, and medium prices) if it was deemed necessary to protect the privacy of an individual purchaser or seller.

B. REGULATING QUALITY OF SERVICE

Most ongoing complaints about taxi operations have to do with quality of service. The general perception is that Boston has had

poorly maintained equipment and some marginal drivers, while at the same time having good availability of service. This is borne out by observations in other cities. Those cities with fair, efficient, and swift enforcement have the best quality of service. Boston's enforcement in the past has been characterized by periodic cleanup campaigns with only sporadic follow-through or punishment for violators. Administrative adjudication of violators was allegedly done on an ad hoc basis by the former chief of the Hackney Bureau. The information required of owners and drivers was inadequate and not codified, making it difficult to follow through on complaints and violations.

1. Place Conditions on Leasing.

The requirement for maintaining waybills should not be abandoned because a cab is leased. The mechanical condition of the cab and taximeter should continue to be the responsibility of the owner. The issues of workmen's compensation and disability in case of an accident should be more clearly delineated.

2. Follow Through with Citations Issued for Cleanliness and Safety of Cabs.

3. Design a Schedule of Administrative Penalties for the Violation of Hackney Rules and Regulations.

These should be based on the severity of the offense and the number of violations accumulated. If a warning is to be given, it should only be given before a violation is written and not as a punishment once the citation is processed by the Hackney Bureau. All violations received at the Hackney Bureau should be followed by license or medallion suspension, or a payment of a fine. Three violations by a driver could be

grounds for revocation of a license. Owners who violate regulations should be fined in order that the cab may remain in operation. A schedule of increasing fines up to a certain maximum fine should be developed.

4. Develop Standards to Measure Performance.

Other cities have developed criteria for evaluating the performance both of individual companies in responding to telephone requests, and the entire industry in responding to street hailing. We should require that way bills on radio calls be submitted, take a random sample of these for each company, repeat the call, and measure the time it takes to answer the phone, and the time it takes to reach the caller. Los Angeles requires its companies to answer 85% of the phone calls in 45 seconds and arrive at the requested location within 15 minutes, 85% of the time.

Similarly, hailed cab services could be measured for various locations in the city. Of course, one could only judge the response of the entire industry in this case. Although we do not recommend that penalties be assessed to operators, (Los Angeles has imposed financial penalties on companies not meeting the service standards) this information would be made public to increase the awareness of the company about its responsibility to its patrons and inform the riding public about the most efficient companies. The information could be used in rate hearings to illustrate whether the passenger was receiving better service for the fare paid. The survey could be conducted jointly semi-annually by Hackney and Consumers Council personnel. The sampling should be done in good weather to reflect cab service at its best.

5. Require Minimum Insurance Coverage for Operation of a Cab. Coverage of \$50,000/\$100,000 or \$100,000/\$300,000 should be required. Currently owners are encouraged to minimize their equity in their firm because of their low insurance coverage. Thus an owner with three cabs under one company is tempted to buy a fourth cab and form two companies with two cabs each, just to keep his equity low. This insurance coverage would add greatly to a cab rider's economic protection in case of an accident.

As a prelude to instituting such coverage, accident records of present taxi vehicles and drivers should be checked to determine the relative safety of riding in a cab versus private auto. Additionally, insurance companies should be required to report cancellation of insurance to the Police Hackney Bureau.

6. Require Additional Information be Kept for the Record.

The following additional information should be placed in individual files as well as aggregated for analysis purposes. It would provide quick reference for complaints and inspections, as well as enabling fair enforcement of regulations.

- a. Vehicle identification number of each taxicab.
- b. Physical location of the garage.
- c. Home address of operating stockholder of the corporation.
- d. The "colors" under which a cab operates. (i.e., Boston Cab, ITOA, "JOJO", etc.)

7. Require Payment of Back Taxes.

New owners, including all members of a corporation, should be required to pay any back taxes to the city (real estate or excise) before a transfer can be approved. This



requirement is imposed on drivers before they receive a license in St. Louis. In Boston all transfers could be processed through the delinquent tax unit of the Collecting Division to check for back taxes owed.

8. Fees for Taxi Operation Should be Increased Markedly.

Boston's fees are low compared with other cities. Fees are charged for the transfer of medallions, the annual renewal of medallions, driver's licenses, and the inspection of vehicles. Increased fees will not only be consistent with those in other cities, but also provide revenue for expected increased administrative costs associated with recommendations on medallion transfers, enforcement, and rate regulation. Although the statute for taxi regulation states the Police Commissioner may set fees, such authority is superceded by the City Council's fee-setting authority. Thus, Council must vote on any increase. This may be difficult in that some fees were increased last year, but valid arguments can be made for the new fees. Cambridge Systematics, Inc. has computed fees for most types of taxi operations to be approximately 0.25 percent of total costs.

9. Penalties for Infractions of Regulations Should be Raised.

The penalty for violations is now set at \$20, established by statute in 1930, a substantial amount at that time. Because of inflation, that \$20 in 1930 would equal \$72 today. A home rule petition is required to raise the fine. Fines should be comparable to those paid for violation of other city ordinances. The state has passed enabling legislation allowing the City Council to raise fines under its jurisdiction from a maximum of \$50 to \$200. Fines in other cities range from \$50 to \$500 for various infractions of taxi regulations.

10. Regulations should be rewritten to reduce the discretionary power of the Chief of the Hackney Bureau.

This would both limit arbitrary decisions and relieve the Chief of the weighty responsibility of determining fault in violation cases. Codification of information required of drivers and owners and a clear schedule of penalties will be a step in the right direction.

11. More Comprehensive Information Systems Must Be Developed.

In order that enforcement efforts can be more effective, links with the Registry of Motor Vehicles and the City Collector's Office should be formalized.

12. Motor vehicle registration numbers should be reissued to be consecutive, and correspond to the medallion number of each cab. Either plate numbers TA0001 through TA1525 could be reallocated or new plate numbers TA10001 through TA11525 could be issued.

13. A Non-Removable Plastic Shield Should Replace the Metal Medallion. This would make it more difficult to shift medallions from one vehicle to another without Hackney Bureau knowledge. When a legal transfer was approved the old plastic shield would be sanded off the old vehicle and a new shield with the same number would be applied to the new vehicle.

14. All Parking Tickets Should Be Paid Before Transfer or Annual Reissuance of a Medallion.

Parking tickets owed on private vehicles registered to taxi drivers should be paid before a driver receives a license. In the future, all parking tickets issued to cabs should be flagged by Traffic and Parking and Police, and owners informed within 21 days so that they can recoup payment of the ticket

from the driver who was operating the cab at the time the ticket was issued. The October 11, 1977, "tow and hold" list contains 104 cabs owing \$18,790 in back parking tickets. Based on payments made to the courts by other cars on the tow and hold list, the actual amount owed by cabs could be eleven times as great, or \$206,690. Of course, this is still a small fraction of the estimated \$47 million in parking tickets owed by private automobile owners.

15. Inspection of Taxicabs Should Be Increased.

An orderly but random schedule of inspections of taxicabs should be established so that all cabs are inspected at least annually. Inspections should be made before annual renewal of medallions. Police, Weights and Measures and Registry personnel should be involved in the inspections. A schedule should be set up based on medallion numbers to inspect cabs over the first four months of each year. Considering 20 working days per month, all 1525 cabs could be inspected in four months if inspectors could inspect 20 cabs per day.

16. Transmissions Should Be Sealed. In addition to sealing taximeters at inspections, transmissions should be sealed. This is done in several cities, and prevents the operator from installing a different cog in the transmission which will inflate the distance driven.

17. All Cab Companies and Associations Should Be Required to Register Their Color Scheme with the Police Department.

Standards for lettering and painting should be written in the regulations. All independents should be required to have the same color scheme. This would make it easier for passengers with complaints to describe the cab in which they were riding.



Also Police would more easily identify out of town cabs attempting to pick up passengers in Boston.

18. The Driver's License Should Be Visibly Displayed.

Regulation for display of the driver's license should be changed so that the license is not on the driver's person while in the cab, but rather be displayed for viewing by the passenger.

19. Drivers Should Be Required To Know Shortest Routes.

The driver test should be expanded to include a route test to ensure that drivers know the shortest route to a destination. Although this will not stop those drivers who purposely go "around the horn", it will make sure that drivers know the shortest route to major destinations.

20. A Review of New Driver's Performance Should Be Conducted Three Months After Issuance of a License. Those drivers with violations, complaints, or accidents on their record should be brought in for counseling and retesting.

21. Taxi Roof Light Should Go Off Automatically When The Meter is Thrown.

A change should be made to require this as a Hackney Regulation so that customers can know when a taxi is in use.

C. REGULATING PRICE OF SERVICE

Evidence from other cities and from discussions with Cambridge Systematics and State Transportation personnel indicate that rate setting for transportation services is an inexact science. Rates were originally regulated for the purpose of avoiding price gouging by taxi operators. In recent times, criteria for rate increases have either been unclear or based on providing a "reasonable"



profit to taxi operators. Rates in other cities are either set by a City Council or by a Public Utilities Commission. Rate increase requests are normally initiated by fleet owners, and have been opposed recently by small independent owners and associations in Chicago, Washington, Los Angeles, and Boston. As far as can be determined, no rate increase has ever considered the costs of other transportation modes such as transit and private auto. Neither have service standards played much part in determining rates.

1. Fare Adjustment Analysis. The Cambridge Systematics report in 1975 recommending a procedure for regulation of taxi fares stands as the best basis for evaluating the need for rate increase.
2. The Procedures for Rate Hearings Should be Codified in the Regulations. Solicitation of testimony from public transportation agencies (MBTA, MASSPORT), the Boston Consumer Council, all taxi companies and associations, and recognized transportation consumer advocate groups should be required.
3. Rate Card. The rate card should be revised so that all special fares and surcharges are clearly spelled out on one card. The night and weekend 50¢ surcharge should be eliminated. There is no evidence that its intended purpose of inducing more cabs to be on the street when it is in effect has been met. It has caused confusion and irritation for both customers and drivers.
4. Variable Rates. Cab owners should be canvassed to find out their reaction to a variable rate system. The Police Commissioner now has the power to set maximum and minimum rates. In San Francisco, where the same power exists, rates were set at a maximum and allowed to be set lower by companies

and associations; no rates were set below the maximum. However, in St. Louis rates are not regulated, but just recorded by the regulatory authority, and there is variation in rates. Assuming an excess supply of taxicabs or declining demand, some elements of the industry would be encouraged to lower rates. If such maximum and minimum rates were established, requirements would have to be set on the minimum number of cabs that could charge a certain rate in order that the public would not be confused. The variable rate situation works best for radio calls where a patron has a clear choice of cab companies or associations to chose from.

D. STIMULATING TAXI DEMAND

Stimulating demand for taxi service can take many forms, but essentially it should provide more information to the consumer on the advantages of the taxi mode of transportation and develop a competitive edge for the taxi over the private auto.

1. Providing more taxi stands by establishing when and where patrons are likely to use cabs.
2. Provide signage so that patrons can be lead quickly and efficiently to stands to get a taxi cab.
3. Increase parking rates in off-street parking facilities making it more expensive to use private autos.
4. Develop such programs as "Auto Restricted Zones" which allow access to taxicabs.
5. Study the potential for the development of exclusive taxi lanes, possibly in conjunction with exclusive bus lanes.

6. Work with the taxicab industry to develop "para-transit" use of taxi cabs to reach patrons that would not otherwise use cabs.
7. Work with the taxicab industry to develop car pooling programs using taxicabs.
8. Develop industry-wide publicity programs funded by the Urban Mass Transit Administration and the taxi industry. The theme of the program should be that taxi use downtown is the cheapest way to travel for the service provided.
9. Ask Massport to review a toll for private automobiles at the airport from which taxis would be exempt. Funds for these approaches could come from the federal government, the state, a parking tax, or higher Hackney fees. Operational changes such as those listed 1, 2, 3, and 5 would not necessarily cost more, but just require reordering priorities.

E. MANAGEMENT OF REGULATION

A major question in taxi regulation that cuts across all the above recommendations is: Who regulates? What authority is the "best" regulator is difficult to determine. In the seven cities visited, New York, Washington and St. Louis regulate taxis through a transportation authority; Philadelphia, Chicago, and Los Angeles regulate taxis through a public utility authority; and San Francisco regulates taxis through a police authority. The Boston Police Commissioner has expressed an interest in reviewing whether taxis should be regulated by another authority because it 1) requires vast management and legal resources, and 2) does not fall into the primary goals of the Police Department. Sentiment in the taxi industry appears to lie with maintaining the current regulatory authority.

Taxi regulation can be most effective when housed in a transportation agency with a broad perspective on all modes of urban transportation. Such an agency currently does not exist in the City of Boston. The Traffic and Parking Department controls the operation of streets, the use of curb space, and the licensing of parking lots; the Public Works Department is responsible for the construction and maintenance of streets; and the Real Property Department controls the operation of city-owned parking garages and lots. Therefore a change in regulation of taxis away from the Police Department might involve the consolidation of some other functions under one agency. In this way the authority for control of the use of autos, surface transit, and taxis in the City would be centralized.

A statutory change in taxi regulation to either an existing City agency or to a new transportation agency would involve a long and complicated legislative process. A home rule amendment to Chapter 392 of the Acts of 1930 would have to be filed and voted on by the Council, Mayor, Legislature, and Governor. An additional home rule petition would have to follow this process amending Chapter 263 of the Acts of 1929 establishing the Traffic and Parking Department.

One great advantage of Boston's present taxi regulation structure is that both rate setting authority and regulatory authority are under the pervuew of one agency. A legislative intitiative would open up the proverbial "can of worms" regarding rate setting. City Council and the state Department of Public Utilities might be tempted to get involved in the rate setting function, which would further fragment effective control of taxi use.



Therefore the best way to address the concerns of the Police Department and maintain effective regulation and promotion of taxi service is to provide the department with the proper management and financial resources to implement the recommendations. Increased fees and fines can provide for increased administrative and legal personnel in the Police Department. Planning services can be provided by the Traffic and Parking Department or the B.R.A. The Mayor's Office and Consumer's Council can continue to perform a coordinating function as needed to implement recommendations regarding the promotion of taxi demand and the analysis of rate requests.





[illegible]



TABLE 2

<u>City</u>	<u>Number of Cabs Authorized per 1000 Population</u>	<u>Number of Cabs Operating per 1000 Population</u>	<u>Number of Cabs Authorized Per Square Mile</u>	<u>Number of Cabs Operating per sq. mile</u>
New York	1.49	1.49	39.3	39.3
Philadelphia	.90	.48	13.7	7.3
*Washington	Unlimited	2.64	Unlimited	32.7
Chicago	1.37	1.37	20.6	20.6
St. Louis	2.05	1.22	21.0	12.4
Los Angeles	.28	.24	1.7	1.5
San Francisco	1.19	.61	18.9	9.7
Boston	2.38	2.38	33.2	33.2

Source: 1) Cambridge Systematics Inc; "A Study of Procedures for the Regulation of taxi fares in Boston," December 1972.

2) Interviews with taxi regulators in the eight cities.

\*Only 2000 cabs operating full time are included in the calculations. Washington has an additional 6000 cabs operating part time.

MEDALLION FINANCING

TABLE 3

<u>Number of Medallions Financed</u>	<u>Percent of total Medallions</u>	<u>Financer</u>
290	19%	Brighton Discount
245	16%	Shawmut Bank
181	12%	Park Credit
72	5%	Helen Ellis & Loraine Smith (Poston Cab)
43	3%	Guaranty Trust (Yellow Cab)
22	1%	Sidney Friedman
20	1%	Commonwealth Bank & Trust
18	1%	McCann (Boston Cab)
17	1%	First National Bank
9	1%	Garden City Trust d/b/a University Bank
8	0.5%	Seymour Oron
8	0.5%	Nathan Tabasca
24	2%	Others
306	20%	Verified not financed
262	17%	Believed to be not financed
1525	100%	TOTAL

Source: Mr. Bob Geil, Cambridge Systematics, Inc. October, 1977.

RADIO DISPATCHING

TABLE 4

<u>Fleet/ Association</u>	<u>Number of Cabs</u>	<u>% of Business Via Dispatching</u>
Eagle Cab	8	75%
Common Cab	25	70%
Boston Cab	93	50%
White's Cab	50	50%
Forest Hill Cab	20	40%
Town Taxi	113	40%
Yellow Cab	44	25%
Checker Cab	177	25%
ITOA	650	10%
Others	345	0%

AVERAGE

44%

Source: Estimated; Cambridge Systematics, Inc. Interview with  
Mr. Bob Geil, November 1977.

TAXICAB CITATIONS

TABLE 5

	MONTH 1977		
	<u>August</u>	<u>September</u>	<u>October</u>
TOTAL ISSUED	299	171	87
M.O.P.	267	28	--
DISTRICT 1	N.A.	59	18
DISTRICT 2	N.A.	40	20
HOCKNEY	N.A.	N.A.	27
OTHERS	N.A.	N.A.	N.A.
TOTAL APPEARANCES	265	143	74
% of ISSUED	89%	84%	85%
TOTAL WARNINGS	N.A.	133	66
% of ISSUED	N.A.	78%	76%

Source: Lt. Sheridan, Boston Police Hackney Bureau.



TABLE 6

BOSTON HACKNEY BUREAU FEES

Three year driver's license	\$17.00
Replacement of license	6.00
Medallion renewal	50.00
Lost Setup Card	2.50
Lost Medallion	4.00
Regrant (Change of car only)	5.00
Change of Officers (each medallion)	10.00
Change of Mass. Registration Number	10.00

BOSTON WEIGHTS AND MEASURES DIVISION FEES

Sealing Taxi Meter	\$ 5.00
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Source: Boston Police Hackney Bureau.

TABLE 7

HACKNEY BUREAU ANNUAL BUDGET

<u>ITEM</u>	<u>COST</u>
Personnel	\$92,669
Overtime	3,000
Telephone (3 lines)	1,791
Medallions (1,525 plus 55 replacements at \$1.89 each)	2,923
Drivers Licenses (2,371 at 92¢ each)	2,100
Forms	800
Postage (3,000 pieces at ¢.13 each)	390
Automotive (1/3 of \$6,000 plus \$1,500 for fuel and maintenance)	3,500
TOTAL	\$106,173
PLUS:	
Weights and Measures Division Personnel (estimate)	\$15,000
Issuance of 3,000 citations by police officers	6,000
REVISED TOTAL	<hr/> \$127,173

BOSTON TAXI RATE INCREASES

<u>PERIOD</u>	<u>% INCREASE IN VARIOUS ELEMENTS OF FARE</u>			
	<u>DROP</u>	<u>1 MILE FARE</u>	<u>2 MILE FARE</u>	<u>MIL. RATE</u>
/53 - 5/57	+29%	+18%	+12%	0%
/57 - 12/61	-11%	+ 8%	+16%	+33%
2/61 - 12/66	+25%	+14%	+ 9%	+0%
2/66 - 5/69	0%	+13%	+17%	+25%
/69 - 2/73	0%	+11%	+14%	+20%
/73 - 11/74	0%	+10%	+13%	+17%
1/74 - Present	+20%	0%	+11%	+29%
/53 - 11/74	+43%	+100%	+112%	+133%
/53 - Present	+71%	+100%	+135%	+200%

SOURCE: Cambridge Systematics, Inc., "A Study of Procedures for the Regulation of Taxi Fares in Boston", December, 1975

Table 9

TAXI STUDY RECOMMENDATIONS	PRIORITY *	LEGAL/ LEGISLATIVE ACTION	AGENCY RESPONSIBLE
A. Ownership Responsibility & Financial Stability Regulation			
1. Lowering the monthly cost of financing			
A. down payment schedule	2	regulation change	Police
B. cash reserve	3	regulation change	Police
2. Expand the number of financiers			
A. disclosure of all medallion transfer terms	1	regulation change	Police
B. disclosure of penalty payments	1	regulation change	Police
C. Consumer information for potential medallion holders	1	none	Police
D. auction/sale or purchase of medallions	3	legislation change	Mayor's Office
3. Improve Medallion Buyer's Information			
A. Rights of corporations, etc.	1	none	Police
B. truth in lending	1	regulation change	Police
C. disclosure of long-term lease agreements	1	regulation change	Police
D. Medallion transfers made public information	1	none	Police
B. Quality of Service Regulation			
1. Conditions on leasing	2	regulation change	Police
2. Follow through on citations	1	none	Police
3. Schedule of penalties	1	regulation change	Police
4. Performance Standards for service	2	regulation change	Police/Consumers Council
5. Minimum Insurance	2	regulation change	Mayor's Office

\*Priority 1 should be implemented within one year, priority 2 requires further study, priority 3 requires substantial further research.



<u>TAXI STUDY RECOMMENDATIONS</u>	<u>PRIORITY</u>	<u>LEG. LEGISLATIVE ACT.</u>	<u>AGENCY RES.</u>
6. Additional Information in files	1	regulation change	Police
7. Payment of back taxes	1	regulation change	Police/Collector Office
8. Increase fees	1	ordinance change	Police/Mayor's Office
9. Increase fines	2	legislation change	Mayor's Office
10. Reduce Power of Hackney Bureau Chief	1	regulation change	Police
11. Information sharing with Registry & Collector	2	none	Police
12. Registration numbers to correspond with medallion numbers	2	none	Police/Registry
13. Plastic shield to replace a metal medallion	1	none	Police
14. Payment of Parking Tickets	1	regulation change	Police/Traffic & Parking
15. Inspection Schedule	1	regulation change	Police
16. Seal Transmission	1	regulation change	Police
17. Color Scheme requirements	1	regulation change	Police
18. Display of Driver's Licence	1	regulation change	Police
19. Improve Driver test	1	none	Police
20. Review of Driver performance	1	regulation change	Police
21. Taxi Roof Light Operation	2	regulation change	Police
C. Price of Service Regulation			
1. Fare Adjustment Analysis	3	none	Police
2. Rate Hearing Procedures	2	regulation change	Police
3. Rate card revisions	1	regulation change	Police
4. Variable rate system	3	none	Police
D. Stimulating Taxi Demand			
1. More taxi stands	1	none	Police/Traffic Parking
2. Signing of location of stands	1	none	Police/Traffic Parking
3. Increase Parking Rates	1	none	Police/Real Property

TAXI STUDY RECOMMENDATIONS

	<u>PRIORITY</u>	<u>LEGAL/ LEGISLATIVE ACTION</u>	<u>AGENCY RES.</u>
4. Auto Restricted Zones	2	none	Mayor's Office
5. Exclusive taxi lanes	2	none	Police/Traffic Parking
6. Paratransit use of cabs	3	none	Mayor's Office
7. Taxis for carpooling	3	none	Mayor's Office
8. Publicity for taxi use	2	none	Police
9. Airport tolls/Parking rates	2	none	Police/Massport

Questions 1-15 refer to areas indicated on the map attached to this examination. Read all questions thoroughly. Choose the most correct response. Indicate your response by circling the letter which precedes it.

FAILED

643

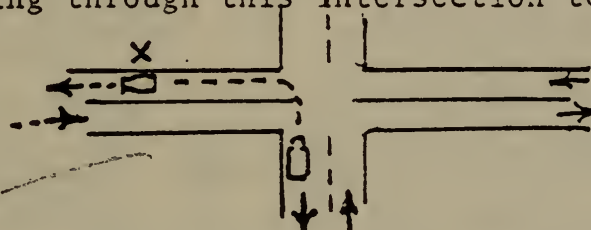
1. The area indicated by circle #1 is the approximate location of
  - a. the Music Hall
  - b. the Museum of Fine Arts
  - c. Mass. General Hospital
  - d. Museum of Science
2. The area indicated by circle #2 is the approximate location of
  - a. Boston University
  - b. Peter Bent Brigham Hospital
  - c. The New England Aquarium
  - d. Hotel Colonnade
3. The area indicated by circle #3 is the approximate location of
  - a. Post Office Square
  - b. Haymarket Square
  - c. Kenmore Square
  - d. Copley Square
4. The area indicated by circle #4 is the approximate location of
  - a. Boston Garden
  - b. New England Aquarium
  - c. John B. Hynes Veterans Auditorium
  - d. Shubert Theatre
5. The area indicated by circle #5 is the approximate location of
  - a. Dunfey's Parker House
  - b. Jimmy's Harborside Restaurant
  - c. Long Wharf
  - d. South Station
6. The area indicated by circle #6 is the approximate location of
  - a. North Station
  - b. Christian Science Center
  - c. Fenway Park
  - d. Copley Plaza Hotel
7. The area indicated by circle #7 is the approximate location of
  - a. City Hall (new)
  - b. Boston City Hospital
  - c. Trailways Bus Terminal
  - d. State House

8. The area indicated by circle #8 is the approximate location of
- a. Paul Revere's House
  - b. Greyhound Bus Terminal
  - c. Filene's department store
  - d. U.S.S. Constitution
9. The area indicated by circle #9 is the approximate location of
- a. Jordan Marsh department store
  - b. Hotel Lennox
  - c. Ritz Carlton Hotel
  - d. John W. McCormack Court House and Post Office
10. The area indicated by circle #10 is the approximate location of
- a. Logan International Airport
  - b. Commonwealth Pier
  - c. Sheraton-Boston
  - d. Boston Garden
11. The area indicated by circle #11 is the approximate location of
- a. Suffolk County Court House
  - b. Symphony Hall
  - c. Statler Hilton
  - d. Prudential Center
12. The area indicated by circle #12 is the approximate location of
- a. Trailways Bus Terminal
  - b. JFK Building
  - c. Statler Hilton
  - d. Wilbur Theatre
13. The area indicated by circle #13 is the approximate location of
- a. State House
  - b. North Station
  - c. City Hall
  - d. Boston City Hospital
14. The area indicated by circle #14 is the approximate location of
- a. Simmons College
  - b. South Station
  - c. The Shubert Theatre
  - d. Children's Hospital
15. The area indicated by circle #15 is the approximate location of
- a. Northeastern University
  - b. Museum of Fine Arts
  - c. Ritz-Carlton Hotel
  - d. MIT

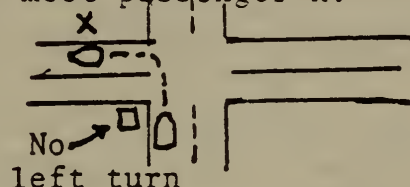


The statements below are either true (T) or false (F). Circle the letter which represents your answer.

16. A flashing yellow light indicates the presence of a hazard. T F
17. When approaching a yield sign driver must come to a complete stop before proceeding. T F
18. When two vehicles arrive at an intersection simultaneously, right of way is granted to the vehicle on the left. T F
19. The illustration below indicates a correct route of proceeding through this intersection to meet passenger X. T F



20. The illustration below indicates the correct route of vehicle A to meet passenger X. T F



21. A driver may keep his Hackney license when he is no longer a driver. T F
22. A partition is mandatory equipment in a Boston taxi. T F
23. Any taxi driver may take a position on a public stand where there is a vacancy. T F
24. A driver may not charge an additional fee for carrying trunks. T F
25. A driver must keep a record of all trips made. T F





1977 Taxi Study - New York CityA. INTRODUCTION

While in New York I spoke with the following people involved in the taxi industry:

1. Commissioner Basora, New York City Taxi and Limousine Commission
2. Ms. Betty Lawrence, Assistant Director, Metropolitan Taxi Board of Trade (Fleet owners association)
3. Owner/driver of a two-cab "mini fleet"
4. Unionized driver for a fleet (commission basis)

B. NEW YORK CITY TAXI AND LIMOUSINE COMMISSION

1. The commission operates under Local Law 12. It regulates taxis, limousines, and livery vehicles. City Council sets the numbers of medallions to be issued and selects the chairman of the commission.
2. There are 11,787 medallions. 4,116 belong to big fleets, 2,700 to "mini fleets", and 4,971 are individually owned. There are different regulations for fleet cabs and individual cabs. An individual cab does not need to carry workmen's compensation insurance. It does not need a partition between the front and rear seat. There is no requirement for an individual cab to have a legal garage of record location, i.e., it can be parked on the street when not in use. Fleets are required to "double shift" their cars (keep them on the street for two 10 hour shifts) - individuals are not.

"Mini Fleets" developed when two cab owners sued the city and won saying they had the right to become a fleet. Previously a fleet had to consist of twenty five cabs or more. This allows many owner/drivers to purchase more cabs and become small entrepreneurs. It is also difficult to enforce the double shift requirement for "mini fleets" thus they can work at peak demand periods only, if they wish.

3. Medallions

Before 1939 there were 25,000 medallions. As stated earlier, there are 11,987 today. In 1972 a fleet medallion cost \$14,000 and an individual medallion cost \$24,000. Today a fleet medallion costs \$33,000 and an individual medallion costs \$50,000. Currently medallions are brokered by individuals such as real estate and insurance brokers. The normal broker fee is \$1,000 for a medallion transfer. Financing comes from banks and credit unions. One regulation of significance regarding the sale of medallions is that the seller must produce a "tort letter" from his insurance company showing that there are no outstanding lawsuits pending against the medallion owner.

4. Ownership Trends

The trend for ownership is the expansion of "mini fleets". Because of union pressures for wages and benefits, and because of increased fuel prices, large fleets have been decreasing.



5. Leasing

There is no leasing allowed in New York presently.

However, fleet owners would like to have it. Unions do not want leasing because they fear the loss of members.

6. Gypsie Cabs

Gypsie cabs operate mostly in ghetto areas, either as legal livery vehicles via radio service or as illegal cabs that are hailed or solicit street customers.

7. Rates

New York cabs received an  $8\frac{1}{2}\%$  increase in rates last year. This amounted to a 10 cent increase in the drop. New York rates encourage short trips because of the high drop rate and relatively low mileage rate (70 cent mile). There was no increase in the waiting time rate last year.

8. Commission Structure

The commission regulates 25,000 cabs, limousines, and livery vehicles. It has a \$3.1 million budget. They have 137 personnel and are in the process of hiring more. There are four divisions - licensing, hearings, enforcement, and administration. The licensing division licenses drivers, vehicles, meters, and radios. There are 59 personnel assigned to the enforcement division. They operate 16 hours per day, seven days per week at 22 inspections stations.

9. Special Programs

- a. "Going my way" - This allows a driver to group load when he is returning to his fleet garage at the end of a shift, usually to an outlying borough.

Patrons are charged the meter fare. The driver has a special visor card he displays to attract passengers.

- b. Group riding - The commission anticipates starting this program soon. In one instance group riding would be allowed from LaGuardia Airport to five midtown Manhattan Hotels. These hotels each have 700 patrons checking in and out daily. In the other instance, patrons could ride from these hotels to Kennedy Airport. Currently, the rate is \$16 for one passenger. It is proposed that three passengers would split a \$19 fare.

C. Large Fleet Owners Association

This association represents 30 fleets with at least 25 cabs each. The average fleet has one hundred cabs.

1. Medallions

Prices of medallions were quoted as \$27 - \$33,000 for a fleet medallion and \$45,000 for an individual medallion.

2. Ownership Structure

Large fleets have lost 1800 cabs in two years. This is because of higher gas prices, collision insurance, and "excess" insurance. All of these cabs have gone into "mini fleets" where the insurance rate is lower, and, most importantly, the requirement for double shifting a cab is not enforced. Ms. Lawrence suggested that for the health of the industry the fixed ratio between fleet and individual cabs required by the city be dropped. Then an incentive should be given to keep the cabs

on the road, such as a night rate. This night rate should be incorporated into the meter. The association would like to have leasing, which is not now in effect.

Most large fleets do not have other businesses.

Large fleets have sued the city to do away with the rules applying to fleets only. The ownership trend has been toward more "mini fleets" and the setting up of service centers to service these vehicles.

The operators of these service centers are former large fleet owners who have sold their medallions to "mini fleets" (note: Morris Reef is a member of the New York large fleet association)

3. Condition of Vehicles

A large fleet cab has an average life of 18 months. Owner/driver cabs are in better shape.

4. Large Fleet Drivers

Drivers are unionized. Normally old timers drive during the day, and younger drivers drive at night. The average booking for a driver is \$60 - \$120 per shift (median = \$80). The large fleet association provides inspectors to the companies to check on driver performance.

5. Special Programs

The association has set up a program to buy cheaper gas through a taxi cab owners cooperative. There are no programs for paratransit or service for the elderly or handicapped that have been put forward by the association.

6. Radio Service

Only 10% of large fleet cabs have radios. About 50% of "mini fleet" cabs have radios, and a large number (70 - 90%) of individual cabs have radios.

D. Large Fleet Taxi Driver

Drivers state that they earn between \$150 to \$175 per week when they work a ten hour day, five days per week. They prefer to work weekends. It is important for a driver to get the same cab daily, and it is important who is the driver on the other shift. To insure this, sometimes it requires remuneration to shop and maintenance people. Making the "morning fares" is very important. Business is slow during the middle of the day. The commission is 43% for newcomers and 49% after ten years. Fleet drivers do not like to play the airport, but rather like to stay in mid-Manhattan.

E. "Mini Fleet" Cab Owner1. Medallions

This owner (with his partner) paid \$25,000 for his medallion with a 7 to 8 year payoff. He quoted "mini fleet" medallions now costing \$35,000, and individual medallions costing \$60,000. He pays 12½% interest on his medallion loan. He was shocked at the alleged repossession practices in Boston for late payment. He stated that he is just charged a penalty if he pays late. He mentioned the increase in brokers for the selling of medallions.



## 2. Ownership Structure

He stated that fleet owners are selling their medallions. His business is good - he can make \$35,000 for each himself and his partner by working each cab 16-18 hours per day for six days.

## 3. "Mini fleet" Operations

He does not play the airport because of the long wait for a fare. He was bothered by "gypsy" cabs which used to play only the ghetto areas, but now are coming into the retail and business areas of Manhattan. He would never work the ghetto areas, however. Although he felt large fleet drivers made good money working a nine to ten hour shift, he felt to make "real" money the mini fleet operation was best.

# F. Salient Regulations

## 1. Ownership

New York requires that owners maintain "financial responsibility, insurance, and minimum coverage". The commission has the right to inspect "books and records", and can require the submission of "reports" to the commission.

## 2. Special Programs

The commission is charged with developing innovative approaches to taxi operation, and to consider such operation as part of a broad public transportation policy.

1977 Taxi Study - PhiladelphiaA. Introduction

Cabs in Philadelphia are not regulated by the city at all except for traffic rules and regulations. The State Public Utilities Commission regulates all cabs statewide.

Philadelphia is a "one company" town.

B. Pennsylvania Public Utilities Commission Regional Director1. Medallions

Medallions are not freely transferrable without Commission approval. There are about 100 applications pending and none have been approved. Because of this non-approval there is, in effect, no medallion price - Yellow Cab dominates the market. They have authorization to operate as many cabs as they like. In the distant past they had between 1500 and 2000 cabs on the road. However, in the recent past they were down to 300 cabs. Today, because leasing is now allowed and because they have been purchased by a Miami firm, they have between 700 and 800 cabs in operation.

2. Ownership Structure

In addition to Yellow Cab, there are 118 independent cabs formed under the United Cab Association. These licenses were issued to veterans of World War II. No new independent applicant has yet proved to the Commission the necessity to enter the industry. There are approximately 300 "gypsy" cabs in operation (called hackers).

3. Leasing

Leasing started two to three months ago. This is the reason given for Yellow's expansion. Leasing charges are \$2.50 per hour plus gas. A 25 cent surcharge is added for health and welfare insurance.

4. Rates

The commission sets rates based on an application from Yellow Cab. Any increase is based on audited financial statements. The rate was increased one year ago. Group riding is allowed from transportation terminals and hotels where the first passenger pays the rate for his destination and subsequent passengers pay the drop plus the additional distance.

5. Taxi Stands

There are no taxi stands in Philadelphia.

6. Radio Service

All cabs have radios.

7. Commission Structure

There are ten enforcement personnel for five counties. They handle all other vehicles (trucks, buses, etc.) as well as taxi cabs.

8. Special Programs

No special programs are in operation.

1977 Taxi Study - WashingtonA. Introduction

The following people were interviewed in Washington:

1. Mr. Earl Martin, Chief Engineer, D. C. Public Service Commission
2. Mr. Jim Karas, Diamond Cab Association
3. Mr. Frank Gresham, Yellow Cab Association
4. Mr. Boddie, Capitol Cab Association
5. Mr. Bill McGilvery, Washington Metropolitan Area Transit Commission.

B. D.C. Public Service Commission1. Ownership Structure

The Washington cab industry is made up of approximately 50% associations, 45% companies, and 5% individual owner/drivers. There are approximately 8,000 cabs with about 6,000 of these working part time only. Actually there is little distinction between companies and associations in that each provide maintenance, insurance, financing, and group benefits to individuals who own their cabs. Only about 20% of the drivers do not own their cabs and drive "company cabs".

2. Leasing

The extent of leasing is undetermined in Washington. It is called "renting" in Washington, and drivers rent either from a fleet company or an association member.



### 3. Rates

Washington has a zone rate system. Previous to 1932 meters were employed for rate determination. There have been no changes in the zone boundaries for 15 years. In addition to the zone rates, there is a 50 cent surcharge during rush hours to encourage more cabs at those times. There is also an additional 25 cent charge when a cab is called via radio dispatcher. The Public Service Commission receives recommended rate increases when the cabs petition as a group. The Commission does an economic study and holds a prehearing conference with the cab industry. Hearings are then held which sometimes can last two years. The Metropolitan Area Transit Commission sets rates for the airport in that Virginia, Maryland, and D.C. cabs service the area. They set a rate for D.C. cabs that is comparable to Virginia and Maryland metered rates. D.C. cabs use their odometer to figure the rate, in that they don't have meters. Mr. Martin would like to switch to the meter rate for inside D.C. as well but has never had money appropriated to do a study. One final rate in force in D.C. is a snow emergency rate.

### 4. Radio Dispatch

Radio dispatch is used by both by companies and associations.

### 5. Taxi Stands

D.C. Highway department has done away with most stands. Only stands on private property remain.

E. Capital Cab Association

This association is a cooperative where all members own their vehicles. It is managed by blacks and has exclusively black owner/drivers. It provides radio service, towing, legal service, and insurance to its members in return for their membership fee. The association has 1350 cabs and is authorized to recruit up to a total of 2000 members. Radios are equipped in 566 cabs. Each member can own up to 15 cabs. The association has grown from 250 cabs in 1949 to today's 1350 cabs. In 1965 the association had 1500 cabs. The reason given for the reduction is that some drivers feared the management ability of the association when it became a self-insurer.

The association management is opposed to metered rates because it is "a foot in the door toward limitations to entry." They are in favor of group riding because it increases ridership, and thus more people will get in the habit of riding cabs. They are not sure if the rush hour surcharge has increased revenue for the drivers (of course, as public policy, it was not intended to do that).

## 6. Commission Structure

Three appointed commissioners make rates and regulations. Two people in the "engineering bureau" provide staff support. Complaints are made to the Public Vehicle Services Office in the Motor Vehicle Department and are handled by two people.

## Diamond Cab Association

He reports that 75 - 80% of the drivers are part time. He feels Washington is a "good cab town". He likes the zone system over the meter system because he feels a passenger knows what he will have to pay and therefore cabs become competitive with buses.

### 1. Association Structure

The association has 600 cabs. 300 cabs have radios and pay the association \$10 per week extra. 140 cabs are rented (leased); the rest are owned and operated by individuals who are members of the association. If an owner owns less than five cabs, he pays a \$50 fee. If he owns five to twenty cabs, he pays \$50 per cab. The association could expand to an unlimited number of cabs if it could attract more owners. The association provides insurance through the selling of daily insurance stickers. It also rents out a maintenance concession for members and sells gas and parts.

### 2. Leasing

A cab is rented for normally \$75 to \$90 per week. The lease is for a 12 hour day.

## D. Yellow Cab Company

This company has 1100 cabs. They are all privately owned. Mr. Gesham likened the company to a "mutual company" where each member has a stake in the company. This company is owned by ITT.

### 1. Company Structure

The company finances the purchase of cars for owners. They provide painting of the car and its various accutraments. 65% of the drivers are part time. Four hundred cars are radio equipped. The company provides a finders fee for owners who bring in another owner into the company. The company seeks out hotel concessions for exclusive use of their off-street private taxi stands. For instance, the company now pays \$1600 per month to a large Washington hotel for exclusive stand rights. Additionally, the company seeks out package delivery contracts. It presently has a contract with "skycab" that delivers packages from airports.

### 2. Driver Structure

Mr. Gresham states that 80% of the drivers are owner/drivers. He complains that something should be done about owner/drivers switching back and forth from one company to the next.

### 3. Special Programs

He feels the group riding provisions, first put in to handle bicentennial business, has helped to pay for increased gas prices. He also feels that it is still difficult to get a cab even though the 50 cent surcharge is in effect at rush hours.



1977 Taxi Study - ChicagoA. INTRODUCTION

In Chicago I talked with the following people.

1. Tom Geary, Director, Public Vehicle Division,  
Department of Consumer Sales, Weights and Measures
2. Paul Logue, President, Yellow Cab Company
3. Tony Battolla, President, United Cab Association

B. CHICAGO PUBLIC VEHICLE DIVISION

The Commission was formed in 1975 and has a very aggressive consumer - oriented Commissioner.

1. Ownership Structure - There are 4,600 cabs in Chicago; 934 are independent owners, 2,166 belong to Yellow Cab Company, and 1,500 belong to Checker Cab Company. Yellow and Checker are both owned by Checker Motors Corporation, manufacturer of the Checker automobile. Not surprisingly, all of Yellow's and Checker's cabs are Checker automobiles. Thus one company operates 80% of the cabs in Chicago. The independent medallions were issued after World War II to veterans. The largest independent owns 105 cabs, and most owners own between one and four cabs. The independent cabs are considered to be in better shape. No independents were Checker automobiles. There are currently 327 livery licenses which includes 140 limousines. In the 1930's there were 1,200 liveries. Livery licenses cost about \$10,000 on the open market. There also exists about 1,500 gypsy cabs that work mostly on the weekends. Also 25 cabs provide legal jitney service.

2. Medallions - As it stands now, no fleet medallions have been sold, and it is ambiguous whether the companies could sell them off if they wished to. Therefore, only the independent medallions have been transferred. In 1975 the price of these medallions were \$28,000. Today they are sold for around \$16,000. The Director states the reason for this reduction is the strict enforcement implemented by the new Commissioner. The transfer of the medallion must be approved by the Commissioner based on the applicant's character and financial stability. The license itself cannot legally be used as collateral.
3. Leasing - Leasing is allowed in Chicago, but only recently has the Commission demanded that an owner must get approval before leasing. Currently 72% of the cabs are leased. A lease is normally for 24 hours. Drivers usually work 16 hours of that time. If they consistently put in that amount of time, they can make \$30,000 annually. A problem as far as rate setting is concerned is that with leasing there is no way to determine gross revenues from service actually delivered. Also lease drivers are more likely to be aggressive in maximizing fares, and thus likely to violate solicitation regulations. Companies are experiencing problems getting some of their cabs back after they are leased. Another problem is that cabs are used as private vehicles when not soliciting fares which creates confusion for the consumer.
4. Taxi Operations - There are a total of 15 million fares per year. Most business comes from the "loop" area and the airport. The airport produces two million fares per year.

5. Rates - Rates are set by the City Council based on a 14% profit return for the two large companies. The Commission is considering open rates where each company and association could set their own rates as long as they did not exceed a maximum rate, such as an 85 cent drop. It has been estimated that ridership decreased only one percent after the most recent fare increase.
6. Commissioned Drivers - Drivers working on commission receive 42% of the fare, and after ten years receive 50% plus a minimum salary. Commissioned drivers are considered better drivers, based on complaints received by the division.
7. Public Vehicle Division Organization - In 1975 the division employed 25 people and had a \$193,000 budget for non-personnel costs. Today there are fifty people including 25 inspectors. Vehicles are inspected twice per year for a \$90 charge. Meters are also inspected for an additional \$12. The Police Department provides enforcement personnel - fifteen per shift at O'Hare Airport and fifteen per shift in the city. At the airport, cabs must register in a pool. The Commission calls in cabs to be checked physically. When this was initially done under the new Commissioner, 271 "phantom" cabs were discovered. The Commission seals both the transmission and the meter. Annually, there are 12,000 complaints received for driver violations. 70-80% of the complaints come from the airport. 2,000 of the complaints go to a hearing. Administrative hearings are conducted twice a week for violations written by the police, and three times a week for reported complaints. Penalties that can be imposed include suspension from one to twenty-nine days. There is a right to appeal a hearing to the Commission. About 2% of the hearings are appealed.

The Director believes that enforcement is the key to a profitable industry providing good service.

8. Driver regulations - Drivers must be 21 years of age when hired. They must pass an annual eye test. They are given a written geography test of the city.
9. Radio Service - Only 300 fleet cabs have radios. Radio calls account for less than ten percent of the fleet business. However, all independents have radios and receive most of their business from calls.
10. Taxi Stands - Taxi stands have been reduced in the city. The reduction in the use of rail transportation is given as a reason. There have been no new requests for cab stands except when a new hotel or retail store is constructed. Commissioned drivers are the only ones using stands, because of the gas costs involved in cruising.
11. Special Programs  
Group riding may be done on the approval of the first passenger. When group riding, passengers split the fare. Shared ride is being considered at a discount rate. A concern is how insurance companies will react to a higher risk factor.

C. YELLOW CAB COMPANY

This company owns 2,166 cabs.

1. Medallions - Medallion price was quoted as \$14 - \$15,000.



2. Leasing - Yellow currently leases 70% of its cabs. Leasing was instituted for companies on 7/1/75. Independent cabs had been leasing for 20 to 30 years prior. Mr. Logue claims drivers keep their cabs cleaner when they lease. There is a lower turnover of drivers now that leasing is in effect. He feels the company is giving better coverage with leasing. The lease rate was quoted as \$34 per day plus an average of \$10 for gas. There is a \$1 surcharge on the lease for a radio-equipped cab. Leases are renewed every day. Mr. Logue explained that drivers like to lease so they can have a cab for use as personal transportation during off-hours. He also said drivers like leasing because they can work at peak hours only, if they wish.
3. Rates - Information is provided willingly to the Commission for requests. Mr. Logue likes the \$.90/mile Boston rate as opposed to Chicago's rate of \$.50/mile. He also liked the use in Boston of a \$.50 evening fare.
4. Company Operations - Mr. Logue stated that the cab industry was a sick industry because of high gas prices, workmen's compensation, competition from mass transit, and the fact that it was labor intensive. He felt that the cab is a "dying breed". Competition comes from new programs such as dial-a-ride. He felt the city administration should be more aware of the industry's problems. There needs to be an improvement in the image of the driver. The company itself investigates complaints. It provides training for drivers who have been in accidents. It maintains nine offices across the city, and uses a computer for cost control and analysis. Regardless of the problems, he felt Chicago was one of the best "cab towns."

5. Radio Service - One-third of the fleet (750 cabs) are radio equipped. Yet radio calls account for only 10% of the business. They used to account for more of the business, but the increase in auto ownership has hurt radio business.
6. Special Programs - The company is not involved in any special programs.

D. UNITED CAB ASSOCIATION

There are 240 cabs in the association.

1. Medallions - Medallion prices were quoted as \$15 - \$20,000. Mr. Bottolla does not want fleets to be able to sell medallions, because they could flood the market. He had the idea that temporary licenses could be issued for the winter months to handle the increased business and help the unemployed (i.e. construction workers in the winter). Then he said if any full time licenses were issued, they should go to existing owners. He felt there needed to be more even distribution of medallions away from the present 80% owned by fleets towards a 50/50 split. In 1963 independents were allowed for the first time to transfer licenses. He stated that one can buy a medallion by looking for advertisements in the newspaper.
2. Association Operations - Mr. Bottolla stated his association serves the northern area of Chicago only. He felt cabs are now acting as an emergency service when a person can't use a car or public transit. His association has increased its number of cabs in the last two years. All cabs are painted the same. Owners own from one to 50 cabs with Mr. Bottolla having 52!

3. Radio Service - All cabs are equipped with radios. If the association ever has more than 300 cabs it will have to expand its dispatching services. The members play the airport less than fleets because of their radio calls.
4. Leasing - Mr. Bottolla stated that when fleets were allowed to lease, they set a very low price to attract drivers. The association charges \$25 per shift or \$50 per day for leasing. Some drivers drive one 12 hour shift and lease their cab for the other 12 hour shift. Even though the daily association cost for leasing (\$50) is higher than the fleet cost (\$34), he claims that the real cost of leasing from a fleet is higher because the driver must pay off company employees for good maintenance, washes, etc.
5. Rates - The association was opposed to the last rate increase. However, since 80% of the cabs must apply for a rate adjustment and the companies own 80% of the cabs, the association is powerless to influence rates aside from testifying at the hearing. The association feels they could get more business with a lower rate. In this regard Mr. Bottolla feels that the new commissioner has been good for the association.
6. Special Programs - Although it participates in no special programs, the association shows preference to the handicapped because they provide steady business.

## PUBLIC VEHICLE

SUGGESTED ORDINANCE ADDITIONS OR CHANGES

1. Minimum Fine - Vs Driver                      \$25 to \$200  
   Vs Company                      \$50 to \$500  
Acceleration 2nd or more fines in one year's duration. (Not calendar year)
2. Suburban vehicles to have a "pickup order" for each passenger.  
Chicago-to-Chicago stops to be ticketed, with order as evidence.
3. "Not For Hire" sign to be 4 inches high and to be displayed by both  
suburban licensed liveries and Chicago licensed liveries.
4. No public passenger vehicle licenses shall be issued to any person not  
having a bona fide residence or actual place of business in the City of  
Chicago.
5. No more than one passenger (adult) may be carried in the front seat  
of cab or livery in the City of Chicago.  
Exception: Baby in arms or child in lap.
6. Insurance sticker or similar insurance coverage shall be publicly  
displayed on right rear window of cab and/or livery.
7. Chauffeur driving non-lease cab without chauffeur license and/or  
public vehicle license shall be in violation, as will the owner of this  
vehicle.
8. The failure to appear in court in response to a warrant against driver  
or owner shall result in suspension of license of driver or cab until  
matter is cleared by court action.
9. Space must be provided in or on the trunk or roof of cab, with driver  
provided with and using trunk key.
10. Receipt must be available to passenger on request, stating company,  
cab number, date, time and cost of trip.
11. Public passenger vehicle numbers shall be 3" x 3/4" in height.  
Likewise company name and phone number. These shall be on rear  
doors, right front hood, and right rear of vehicle.
12. Maximum number of passengers in cab. Without "jump" seats; 1 in  
front and 4 in back. With "jump" seats; 1 in front, 2 in said seats,  
4 in back.
13. "Waiting time" shall not take place with vehicle in motion.
14. No chauffeur shall be further from his cab than touching distance  
outside the cab.



Page 2

PUBLIC VEHICLE

SUGGESTED ORDINANCE ADDITIONS OR CHANGES

15. No cab may load from any position in a cab stand other than at the head of the line. Passenger choice shall be expressed there and not at any other place in line.
16. Chauffeurs not polite or using profanity on passengers, or any enforcement personnel shall be in violation of city code. Likewise if they fail to surrender chauffeur license to enforcement personnel.





test #1

CONSUMER SALES, WEIGHTS AND MEASURES  
Public Chauffeur License Applicant Test

Name: \_\_\_\_\_ Application #: \_\_\_\_\_

Address: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Traffic Regulations

1. Diamond-shaped signs, ,
  - a) indicate school zones
  - b) are always stop signs
  - c) are used to warn of existing or possible hazards
2. Drivers must yield to pedestrians when pedestrians are in a marked or unmarked crosswalk, if there are no traffic control signals. (true or false)
3. It is not necessary to stop for a stopped school bus which is facing in your direction. (true or false)
4. Single solid yellow lines painted on two-lane streets indicate:
  - a) the exact place at which to stop
  - b) a railroad crossing
  - c) a no passing zone.
5. A flashing red light means to proceed with caution. (true or false)
6. A pentagonal (five-sided) sign, , indicates:
  - a) a stop
  - b) a school zone and school crossing
  - c) a speed limit
7. Opening the doors of a vehicle is prohibited on the side on which traffic is moving. It is allowed if it can be done without interfering with the movement of other traffic. (true or false)
8. When two drivers approach an intersection at the same time, the driver on the left must yield to the driver on the right. (true or false)

City Public Vehicle Ordinances

9. When a taxicab is vacant, the taximeter flag must be in a 12 o'clock position. (true or false)
10. One passenger may ride on the front seat with the chauffeur if all other seats are occupied. (true or false)

Geography

11. Belmont Avenue
  - a) 3200 N.
  - b) 4700 S.
  - c) 1800 W.
12. Artesian Avenue (N & S)
  - a) 7200 W.
  - b) 2428 W.
  - c) 3200 W.
13. Commercial Avenue S.
  - a) 3900 W.
  - b) 3000 E.
  - c) 1400 E.

14. Chicago Avenue  
a) 800 N. b) 2200 S. c) 1600 W.
15. Meigs Airport  
a) 14th & Lake Michigan b) 57th & Cicero c) 303 East 12th St.
16. Loyola University, Lake Shore campus  
a) 666 N. Lake Shore Drive b) 6525 N. Sheridan c) 3001 S. Ellis
17. Michael Reese Hospital  
a) 920 East 59th St. b) 29th & Ellis St. c) Harrison & Wells
18. Chinatown  
a) Harrison & Halsted b) State & Division c) Cermak & Wentworth

## Test #2

CONSUMER SALES, WEIGHTS AND MEASURES  
Public Chauffeur License Applicant Test

Name: \_\_\_\_\_ Application No.: \_\_\_\_\_

Address: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Traffic Regulations:

1. This sign, indicates:  
a) a divided highway b) a crossroad c) a winding road
2. Drivers must yield to pedestrians when making left or right turn at any intersection. (true or false)
3. It is legal to make a U-turn in a local city area if there is no sign to prohibit the turn. (true or false)
4. Stop lines are the white lines painted across the pavement indicating:  
a) a crosswalk b) a railroad crossing c) the exact place of which to stop
5. Drivers are permitted to turn left on a red light from a one-way street into another one-way street that moves traffic to the left. (true or false)
6. A flashing red light at any intersection means exactly the same as a stop sign. (true or false)
7. If you see a yellow (X) lane signal, you should  
a) proceed with caution b) prepare to leave the lane before a red X appears c) yield the right of way
8. The shape of regulatory or guide signs is always  
a) rectangular ☐ b) triangular ☐ c) circular ☐



9. Livery drivers may solicit passengers on public ways.  
(true or false)
10. Every public chauffeur must exhibit his license and photograph  
for view by passengers. (true or false)

Geography:

11. Harlem Avenue is  
a) 3600 South      b) 1600 West      c) 7200 West
12. Cottage Grove Avenue South is  
a) 800 East      b) 1400 West      c) 4400 West
13. Mannheim Road is  
a) 10400 West      b) 1600 West      c) 4800 West
14. Loyola Avenue West is  
a) 3600 South      b) 6550 North      c) 1400 North
15. Midway Airport is  
a) 5600 N. Mannheim Road      b) 57th & Cicero      c) 14th & Lake Michigan
16. Wrigley Field (Cubs Ball Park) is  
a) 35th & Laramie      b) Addison & Clark      c) 33rd & State
17. Chicago Northwestern Railroad Station is  
a) 500 W. Madison St.      b) 66 East Water St.      c) Van Buren & Jackson
18. The Amphitheatre is located at  
a) 42nd & Halsted      b) 23rd & Lake Front      c) 1800 W. Madison


test #3

CONSUMER SALES, WEIGHTS AND MEASURES  
Public Chauffeur License Applicant Test

Name: \_\_\_\_\_ Application #: \_\_\_\_\_

Address: \_\_\_\_\_ Zip Code: \_\_\_\_\_


Traffic Regulations

1. If there are no traffic control signals at an intersection, drivers must always slow down or stop for people who are walking in marked or unmarked crosswalks. (true or false)
2. It is legal to weave from one lane to another in order to move faster than the flow of traffic. (true or false)
3. This sign, , indicates  
a) a "T" intersection      b) a crossroad      c) a sideroad
4. Drivers are permitted to turn left on a red light from a one-way street into another one-way street that moves traffic to the left. (true or false)

5. You may cross the two unbroken yellow lines painted on the street only to make a left turn into or from an alley, private road or driveway. (true or false)

6. The speed limit in urban areas is 30 mph. (true or false)

7. You may drive on the shoulder of the road to pass another driver. (true or false)

8. This sign, , indicates

a) a railroad crossing b) do not enter c) a state route

#### City Public Vehicle Ordinances

9. A taximeter flag must be in one of the three flag positions when a person occupies a taxicab. (true or false)

10. Every public chauffeur must exhibit his license and photograph for view by passengers. (true or false)

#### Geography

11. Hyde Park Drive S.

a) 1400 S. b) 3200 W. c) 5600 S.

12. Ashland Avenue

a) 1600 W. b) 3200 W. c) 3200 N.

13. Stoney Island Ave. S.

a) 400 W. b) 800 E. c) 1600 E.

14. Wabash Avenue (N & S)

a) 45 E. b) 1800 E. c) 1200 W.

15. Chicago State University

a) 6525 N. Sheridan b) 1800 W. Madison c) 95th & Martin Luther King Jr. Drive

16. Navy Pier

a) 12th & Lake Michigan b) 57th & Lake c) Grand & Lake Michigan

17. I.C. Railroad Depot

a) Randolph & Michigan b) Madison & Canal c) Harrison & Wells

18. Passavant Hospital

a) 1753 W. Congress b) 303 E. Superior c) 2900 N. Lake Shore Dr.

6K 1977 ©

## Test #4

CONSUMER SALES, WEIGHTS AND MEASURES  
Public Chauffeur License Applicant Test

Name: \_\_\_\_\_ Application No. \_\_\_\_\_

Address: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Traffic Regulations:

1. It is legal to make a U-turn in a local city area if there no sign to prohibit the turn. (true or false)
2. No licensed public chauffeur shall loiter upon any public way outside the public passenger vechile which he is driving. (true or false)
3. "Not for Hire" sign must be displayed responding to radio or telephone orders. (true or false)
4. It is lawfull, for any person to solicit passengers for transportation in a livery vechile form O'Hare Airport to another destination. (true or false)
5. The chauffeur license must be removed from the cab when you leave the vechile unattended. (true or false)

Geography:

1. Ambassador West Hotel is  
 a) 2500 N. Wabash                      b) 225 W. Huron                      c) 1300 N. State
2. Wesley Memorial Hospital is  
 a) 2900 S. Ellis                      b) 250 E. Superior                      c) Damen & Taylor
3. Sheraton Hotel is  
 a) 505 N. Michigan                      b) 10 N. Michigan                      c) 601 W. Randolph
4. Tribune Tower is  
 a) 228 N. LaSalle                      b) 211 W. Wacker                      c) 425 N. Michigan
5. Wrigley Building is  
 a) 400 N. Michigan                      b) 29 S. LaSalle                      c) 37 N. Wabash
6. Museum of Contemporary Art is  
 a) 237 E. Ontario                      b) 750 W. Montrose                      c) 809 W. Madison
7. Conrad Hilton is  
 a) 720 S. Michigan                      b) 43 E. Ohio                      c) 120 S. Wabash

8. Henrotin Hospital is  
a) 1040 N. Francisco      b) 2520 N. Lakeview      c) 111 W. Oak Street
9. Palmer House Hotel is  
a) 111 E. Wacker Dr.      b) State & Monroe      c.) 116 S. Michigan
10. Dirsken Building is  
a) 219 S. Dearborn      b) 19 S. LaSalle      c.) 141 S. Wells
11. Drury Lane Water Tower is  
a) 23rd and Lake Shore Dr.      b) 120 N. Michigan      c) 175 E. Chestnut
12. Equitable Life Insurance Building is  
a) 726 N. Michigan      b.) 130 S. LaSalle      c.) 401 N. Michigan
13. Union Station is  
a) 210 S. Canal      b) 12th and Michigan      c) 339 E. Chicago



1977 Taxi Study - St. LouisA. INTRODUCTION

In St. Louis I talked with the following people:

1. Mr. Doyne Beckley, Director, Public Vehicle Division,  
St. Louis Streets Department
2. Mr. Oliver Ludwig, President, Laclede Cab Company
3. Mr. Jack Seibert, Vice President, Mound City Yellow Cab  
Company.
4. Mr. Robert Wolf, Vice President, Checker Cab Company

B. PUBLIC VEHICLE DIVISION

There are 1,278 maximum number of permits for the operation of a cab in St. Louis. Currently, there are 756 in service. Operators of cabs must report to the Division the number of cabs in service when requested to do so.

1. Industry Structure - In the past cabs in St. Louis were operated by thirteen companies. Recently there has been a trend toward concentration with one company buying out one or two other companies. This recent trend has reduced the number of companies to nine companies; although those companies that have been bought still operate under their own name and "colors". The smallest company has three cabs and the largest combined company has 226 cabs. In the past four years there has been a greater number of cabs out of service. This is explained by the difficulty in getting drivers, the cost of operation, and the shrinking demand. Also transit fares were reduced three years ago to an average fare price of 25 cents. It is pointed out that most business comes from the poor and the rich who do not own autos. The trend is away from drivers not owning their cab and toward owner/drivers who

operate under a company permit and receive service from the company for a fee.

2. Medallions - Medallions are called permits in St. Louis. Since all permits are owned by companies there is no open market price of the permit. Only when a company buys out another company can the permits be considered to have a value, since the buying company pays the seller for use of the permits. All transfers must be approved by the Division with a public hearing required. Reasons given for selling are death in the family, retirement from the business, or the inability to make a profit. A company can petition for more permits beyond the 1,278 already existing. In 1972 ten new permits were issued to bring the total to the current 1,278. Previous to 1972 there had not been an increase for over ten years.

3. Leasing - All drivers who do not own their cab operate on a lease basis. However, out of 2,000 drivers, 1,650 are unionized. Contracts are drawn up between the unions and the companies that set a lease rate, service provided, benefits, and a fare rate to go along with any increase in the lease rate. Companies provide insurance in the lease, and also a bonding certificate. Leasing is not regulated. Rates vary from \$200 per month to \$425 per month, or \$14 per day to \$30 per day for a 24 hour period. Drivers are restricted from operating more than 14 hours per day. The driver pays for gas and oil as part of the lease agreement. Most drivers lease for daytime operation because they are fearful of night time. The company additionally provides maintenance service in the lease. If a driver is in a union he can obtain hospitalization insurance from the union for \$72 per month. Most drivers prefer to lease for a 14 hour shift because they can operate only

at the peak demand periods and use the cab for personal business the rest of the time.

4. Rates - Rates are not regulated by the city. It does require that they be registered with the city and posted in the cabs. A company can change its rates anytime as long as it notifies the division. There is no criteria required by the city for justification of a rate increase. Rates have been increasing lately because of the increase in gas and maintenance costs. In fact, two companies have a 20 cent gas surcharge in their rate structure. Companies are providing less maintenance service for owner/drivers who must go to a non-company service shop for repairs. The companies have reduced their maintenance labor force and only take care of their own cabs. Although the unions are opposed to the concentration in the industry they have not been opposed to rate increases. Normally, they negotiate fare rates and lease rates with the companies. There is no evidence that rate increases are made by companies at the same time.

St. Louis had a zone system, but shifted to a meter rate two years ago. The companies wanted meters to eliminate conflicts among companies and complaints from customers. Rates vary from a high of \$1.55 for the first mile and \$2.15 for the second, to a low of \$1.15 for the first mile and \$1.55 for the second. However, most companies' rates do not vary from one another by more than 10 cents per mile. There is a charge of \$.20 to \$.25 for each additional passenger.

5. Radio Service - Only 47 cabs out of 1278 do not have radios. Most business comes from radio calls. Only those without radios will use taxi stands consistently.
6. Taxi Stands - There are stands at major hotels and transportation facilities. Companies must get permission from the property owner to have a stand designated. Any cab can use the stand.
7. Special Programs - One company has three vans for carrying the handicapped at the normal rate. Group riding is permitted if the first passenger agrees, but this does not appear to be a prevalent practice. Otherwise, there are no formal special programs.

Several companies will take master charge for payment of a fare. Also package delivery is a very competitive business. One company advertises that if it does not deliver a package within 59 minutes, there is no charge.

8. Airport Operations - City cabs cannot play the airport unless they are called by a customer. County cabs play the airport and tend to have higher rates than city cabs. An airport limousine service has been in effect for ten years. The city is proposing a reciprocal agreement with the county so that cabs in one jurisdiction can pick up passengers in another without being called.



9. Taxi Regulation - The Division is made up of the Director, one full-time inspector, one part time inspector, and two clerks. Vehicles are inspected annually. It is done randomly throughout the year. Meters are checked on a mile run on city streets. Any repairs necessary must be completed within ten days. Drivers are screened by the division and are required to take a physical exam. Interestingly, drivers are checked to see if they owe any taxes to the city before a license is issued. The minimum age requirement is 18 years. The Division does not give a geography test, but rather relies on the companies to do it.

C. CAB COMPANY

1. Company Operations - The company receives most of its calls from people's homes rather than at transportation and entertainment locales. The owner stated that night fares are starting to increase now that the downtown is becoming more developed. In the past, the company used to give a free ride if a cab did not arrive within ten minutes after being called. He stated that package delivery business is good business because there is no personal injury claim to pay in the event of an accident.
2. Rates - Regarding rates he stated that unregulated rates are good as long as there is competition between companies. He felt that after a rate increase it would only take about one week for business to return - i.e. business would not be permanently lost because of the rate increase.

3. Miscellaneous - One owner stated that the reason he bought another company was because he could "operate two as cheaply as one." Another owner said he was buying new Chevrolet compacts (Novas) because of the better mileage and maneuverability.

TAXICAB RATES

ST. LOUIS E-7

6/23/77

2 min

90 ALLEN	(89)	75¢ flagpole 1/6 and 10¢ each additional 1/6 mile	125	185	\$ 8.00 waiting time
5 BADEN-RIVERVIEW	(3)	85¢ flagpole 1/4 and 10¢ each additional 1/4 mile	115	155	\$ 7.00 waiting time
230 BLACK & WHITE	(25)	85¢ flagpole 1/6 and 10¢ each additional 1/6 mile and 20¢ Surcharge	155	215	\$ 8.00 waiting time
125 CHECKER	(125)	85¢ flagpole 1/5 and 10¢ each additional 1/6 mile	133	193	\$ 8.00 waiting time
40 DELUXE	(24)	75¢ flagpole 1/6 and 10¢ each additional 1/6 mile	125	185	\$ 8.00 waiting time
31 HARRIS	(24)	75¢ flagpole 1/6 and 10¢ each additional 1/6 mile	125	185	\$ 8.00 waiting time
183 LACLEDE	(171)	85¢ flagpole 1/6 and 10¢ each additional 1/6 mile and 20¢ Surcharge	155	215	\$ 8.00 waiting time
223 MARCELLA	(101)	85¢ flagpole 1/5 and 10¢ each additional 1/6 mile	133	193	\$ 8.00 waiting time
235 MOUND CITY YELLOW	(92)	85¢ flagpole 1/7 and 10¢ each additional 1/7 mile	145	215	\$ 8.00 waiting time
30 ST. LOUIS AMERICAN	(30)	85¢ flagpole 1/5 and 10¢ each additional 1/6 mile	133	193	\$ 8.00 waiting time
16 ST. LOUIS AUTO LIVERY	(16)	85¢ flagpole 1/5 and 10¢ each additional 1/6 mile	133	193	\$ 8.00 waiting time
45 SUPREME	(36)	75¢ flagpole 1/6 and 10¢ each additional 1/6 mile	125	185	\$ 8.00 waiting time
13 VICTORY	(11)	75¢ flagpole 1/6 and 10¢ each additional 1/6 mile	125	185	\$ 8.00 waiting time

*(bought by trucker)*

*(operates under other colors)*

*operates under other colors*

756

1977 TAXI STUDY - LOS ANGELESA. INTRODUCTION

In Los Angeles I spoke with the following people:

1. Mr. Lincoln Sanders, Assistant Director, Board of Public Utilities and Transportation
2. Mr. Ted Fagin, General Manager, Independent Taxi Owners Association of Los Angeles.
3. Mr. Keith Conway, Los Angeles Red Top Cab Company.
4. Ron Davis, Manager, Red and White Cab Company

B. BOARD OF PUBLIC UTILITIES AND TRANSPORTATION

There are 799 cabs authorized to operate in Los Angeles. Presently there are 676 in operation.

1. Ownership trends - In 1970 there were 1024 cabs. These cabs were owned by a very few companies with Yellow Cab owning 650. Today there are a total of 676 cabs with 100 each owned by the independent associations, 150 owned by Yellow Cab, and 326 owned by nine other companies. The history of Los Angeles cabs began in the early 1900's when all cabs were independent. Gradually companies were formed from the independents, and then in the late 1920's Yellow Cab bought out all the small companies. In 1934 a franchise was given to Yellow Cab for the majority of the city. The duration of the franchise was 21 years. In 1955 and again in 1965 the franchise was renewed. In 1970 with a new mayor, the city began multiple franchising. As late as 1973, Yellow Cab had 650 cabs. By 1976 the total number of cabs was down to 370. Yellow Cab then came under new owners and the present breakdown of owners and independents developed.



- 2 -

The city is now broken up into nine service areas where "franchises" are granted through an open bidding process. A franchised company is the only company that can pick up passengers who hail a cab in its specific area all companies throughout the city can go into any area if they are called via telephone. The franchise areas have been in effect for 15 years. Recently they have been subdivided. There is competition within the four major areas in that at least two companies have a franchise in each area. Only the fifth area has one company with a franchise.

A cab company can apply for a franchise by requesting the city council to open up a bidding process. The city sells the franchise to the highest bidder who meets performance specifications. Franchises have been granted for as little as \$100 and as much as \$30,000. They are renewable in five years. A company must have a minimum number of cabs to serve an area in order to receive the franchise.

Today, Yellow Cab operates in three areas. Previously, they were the only company operating in those areas. Gypsy cabs developed in a fourth area (the Watts section), which led the city council to adopt the competitive franchise system. Franchise boundaries are based on natural geographic boundaries of the city.

Any company or association can petition for a new franchise to be bid if they can demonstrate "public convenience and necessity." Criteria used for increasing the number of franchises are complaints, a service test, and the performance of existing companies. When a franchise is granted, a performance bond is required. It is usually twice the franchise payment fee - normally \$5,000.

2. Independent Associations - When Yellow Cab went out of business temporarily while there was a shift in ownership, its drivers wished to become owner/drivers. This was allowed by ordinance which stated an owner/driver could own only one cab. Two associations with 100 members each were formed. The independents each have a franchise to operate in the three major areas. Association members garage their vehicles privately. The only service offered by the association is a dispatching service. An owner/driver normally pays \$2,700-\$3,200 in assigned risk insurance. He must drive at least one shift and then may lease his cab for the other. Additional associations could be formed if they demonstrated a public convenience and necessity.
3. Service Standards - Los Angeles has developed service standards to increase the performance of the dispatching business conducted by associations and companies. Generally they require an operator to answer 85% of its telephone calls within 45 seconds, and arrive at the destination within 15 minutes for 85% of the calls. The city collects way bills of the firms and does a random statistical test, taking, for example, one out of every two hundred calls. They repeat

the call and measure the response time. A penalty is supposed to be applied to an operator who does not meet the service standards. It is usually in the form of a percentage of gross annual receipts. In fact, penalties have only been imposed twice. Service tests are done annually.

4. Rates - Rates are determined by the Board of Public Utilities. Financial statements are examined and a determination made based on gross receipts and expenses. Rates are currently \$.80 for the first 1/4 mile and \$.20 each additional 1/4 mile. These rates apply in the three major areas. The rates in the two other areas vary. One area has an additional \$.10 on the drop and the other area has a \$.10 lower mileage rate. Rates are not posted on the doors of the cabs. Drivers are not allowed to solicit additional passengers.
5. Leasing - The city limits the leasing of company cars to 20% of the fleet. Leasing is on a shift basis with a twelve hour duration. The department feels that leasing is an acceptable practice for cab operations. The normal charge for leasing is \$32 per shift.
6. Enforcement - There is an annual permit charge of \$250 for each cab owned. The Public Utilities Commission is charged with enforcing regulations for all franchised vehicles. The Police Department is charged with enforcing regulations prohibiting gypsies (called pirates). The Commission inspects annually for safety regulations. Instead of a

medallion to identify the cab, Los Angeles uses a numbered plastic seal that once put on the door, cannot be removed. Cabs use normal commercial license plates but have special numbers. When a complaint is filed, the driver is called in. He can be suspended for a certain number of days, and is allowed an appeal if suspended. The supervisor of taxicab regulation stated that they would not tolerate corruption. Further, he felt a civil force was better at enforcing regulations, because police have too much empathy for the taxi driver, his work situation (dealing with the public), and his problems. In regard to "pirates", it was felt that most had a good relationship with their passengers and, therefore, were unlikely to be turned into the department.

7. Commission Structure - The Commission has one engineer who spends 30% of his time on taxi regulation and one associate engineer who spends all of his time on taxis. There are five inspectors who spend 60% of their time on taxi inspection. When service standards are checked, miscellaneous personnel are assigned to gather data and perform analysis. The budget allocated to taxi regulation is \$150,000 annually. The commission is presently asking for three additional inspectors.



8. Airport Operations - In Los Angeles, 60% of the taxi business comes from the airport. Yet only 7% of airline customers leave the airport via taxi. There is no franchise for the airport, so all companies and independents in Los Angeles may serve the airport if they follow airport rules and regulations. There is a 25 cent surcharge for use of the airport that is passed on to the passengers. This surcharge pays for the state troopers who act as airport security. They are very strict with the use of curb space by taxis and have the authority to issue \$50 fines. There is no pool at the airport.
9. Taxi Stands - There are very few taxi stands in Los Angeles. Most have been removed for traffic purposes. Those stands that exist are located at hotels and transportation facilities.
10. Insurance Coverage - All cabs are required to carry \$100,000/\$300,000 bodily injury coverage and \$50,000 property damage.
11. Radio Service - All cabs are equipped with radios. Radio calls account for 90% of the taxi business with the remaining 10% picked up through stands or street hailing.

- 7 -

12. Special Programs - Cab companies have bid on dial-a-ride programs but have not been the lowest bidder who could perform the contract. No multiple loading is allowed. The department would, however, like to commence "peer group loading." One-third of the companies provide a 10% discount to senior citizens. The independent associations have requested that they be allowed to provide the same discount to the elderly.

C. COMPANY OWNERS AND ASSOCIATION PRESIDENTS

1. Independent Associations - The development of two 100 cab owner/driver associations in Los Angeles is a recent event. Most owner/drivers came from Yellow Cab after it folded. The associations are progressive about the cab business. They organized to gain recognition and used their numbers as a political wedge to become established. They constantly lobbied the city council and even brought federal government pressure to speed their legal recognition in the city.

The independent owner/driver must get a loan of \$7,000 - \$10,000 to start in the business. Most got credit from a local bank at 9 3/4% interest. Costs included \$5,000 for a car, \$800 for insurance, \$900 for a radio, \$450 for a meter, \$300 for painting, \$350 for association membership, and \$350 for fees paid to the city.

The independents are opposed to leasing. They feel it requires a higher enforcement level. They are in favor of strict enforcement and do not want it diluted by the demands of leasing. Also, insurance costs have increased 20% due to leasing. Independents are also opposed to a rate increase. They feel the last rate increase caused a 20% drop in business. A higher rate also encourages more gypsies to operate. The independents would like to see a rate reduction for the elderly and the handicapped.

The association members feel they can operate at a lower cost than companies. They say their overhead is lower, they don't have to pass on a profit to a company, and they feel they can manage a taxi operation better than companies. One association is starting to advertise to bring in more business.

2. Company Owners - Established company owners are generally unhappy with the proliferation of new companies and associations. They feel a monopoly situation reduces overhead and makes dispatching more efficient. They say that with the increase from six franchises to fourteen franchises, response time for calls is worse. They are for leasing arrangements. They are freed from tax liabilities and from enforcement responsibility. It also provides tax advantages to the driver who leases. They are opposed to free entry. They feel, financially, the cab business is becoming catastrophic with so many competitors. They predict the rate will have to be increased to a one dollar drop and a

one dollar mile. Company owners are dissatisfied with the service standards imposed on them because they say the standards are not enforced.

3. Lease Rates - Lease rates were quoted variously as \$37 - \$50 per day and \$26 - \$33 per day depending on which company or owner/driver is used. Gasoline is not included in the lease price.



## FRANCHISED OPERATORS IN THE CITY OF LOS ANGELES

<u>OPERATOR</u>	<u>NAME</u>	<u>AREA</u>
Ed Sheehan (Green) Ord. 149002	Monarch Transportation Co. 11277 Amestoy Avenue Granada Hills, CA 91344 Office: 368-1876 Cab Service:	A
Lloyd Conway (Orange) Ord. 146498	Southern California Transit Co. dba Valley Checker Cab Co. 14723 Aetna Street Van Nuys, CA 91401 Office: 781-4886 Cab Service: 787-2121	A
Ted Fagin, G.M. Sid Arkin, President (Light Blue Top, White Body & Red Stripe) Ord. 149526 Mun. Code	Independent Taxi Owners Assoc. of Los Angeles dba Independent Cab Co. 119 N. Belmont, Suite 211 Los Angeles, CA 90026 LA: 385-8294 W.L.A. 933-5959	B (B-1, B-2) C (C-1, C-2) D
Keith Conway (Red Top, Yellow Body) Ord. 146497	Del Rey Transportation, Inc. dba Los Angeles Red Top Cab Co. 1659 Electric Avenue Venice, CA 90291 Office: 399-3206 Cab Service: 870-5311 (L.A.), 870-1151 (L.A.) 822-4100 (W.L.A.)	B (B-1, B-2) C (C-1, C-2)
Eugene Maday (Yellow) Ord. 149825	Golden State Transit, Inc. dba Yellow Cab Company 1408 West Third Street Los Angeles, CA 90017 Office: 481-2910 Cab Service: 481-2345 (E.L.A.) 670-1234 (LAX) 652-5111 (W.L.A.) 980-8500 (S.F.V.)	B (B-1, B-2) C (C-1, C-2) D
Dave R. Shapiro (White Top, Green Body) Ord. 149256 Mun. Code	United Independent Taxi Drivers, Inc. dba United Independent Cab Co. 6922 Hollywood Blvd., #220 Los Angeles, CA 90028 Office: 653-5050 Cab Service: 653-5050	B (B-1, B-2) C (C-1, C-2) D
C.T. Crawford (White Top, Blue Body) Ord. 149428	C.T. Crawford dba Beverly Hills Cab Co. 9713 Santa Monica Boulevard Beverly Hills, CA 90210 Office: 273-6611 Cab Service: 273-6611	B-1

*not finished  
waiting for information  
- refused*

*80 cabs  
infected)  
and to not  
bring 37*

*100*

*65  
will require  
to have 100*

*150*

*100*

*60 cabs  
(only 15 have  
city seals  
now, but  
will have 60 cabs)*

*53*

*100*

*65*

*150*

*100*

*60*

<u>OPERATOR</u>	<u>NAME</u>	<u>AREA</u>
Vince De Caesar (White Top, Copper Body) Ord. 149429	Celebrity Private Car Service, Inc. dba Celebrity Cab Company 9028 Sunset Boulevard Los Angeles, CA 90069 Office: 278-2500 Cab Service: 278-2500	B-1
Thomas Savas and Nick Argy (Creme) Ord. 149430	Los Angeles Cab Company dba City Cab Company 630 S. Lucerne Blvd. Los Angeles, CA 90005 Office: 822-7777 Cab Service: 870-3333 (L.A.) 822-7777 (LAX)	B-2
Wiley Stilwell (Yellow Top, Blue Body) Ord. 149396	Wiley Stilwell dba A & W Cab Company 5928 Hollywood Blvd. Los Angeles, CA 90023 Office: 466-0328 Cab Service: 464-2246	C (C-1, C-2)
Reno Carell (White Top, Black Band) Ord. 149398	High Land Transit Company dba Checker Cab of Los Angeles 2300 Colorado Boulevard Los Angeles, CA 90041 Office: 258-3127 Cab Service: 258-3231	C-1
Leonard Breger (Ron Davis, Mgr.) (Red Top, White Body) Ord. 146799	Red and White Cab Company 6043 Hollywood Boulevard #208 Hollywood, CA 90028 Office: 466-5241 Cab Service: 654-8400	C-2
Mitchel Rouse (White with Checker Band) Ord. 149699	Wilmington Cab Company of CA dba United Checker Cab Company 127 West B Street Wilmington, CA 90744 Office: 834-3123 Cab Service: 834-1121	E

<u>AREA</u>	<u>COUNCIL DISTRICT</u>
A 20	1, 2, 3, 11, 12, 7
B 50	2, 5, 6, 11
B-1 15	2, 5
B-2 15	5, 6, 11
C 50	2, 4, 13, 14
C-1 6	2, 4, 13, 14
C-2 10	2
D 10	6, 8, 9, 10
E	15

*Handwritten notes:*  
 23  
 30  
 50  
 26  
 40 (inflated)  
 40 cabs  
 600  
 7  
 12/11/21  
 12/11/21  
 12/11/21

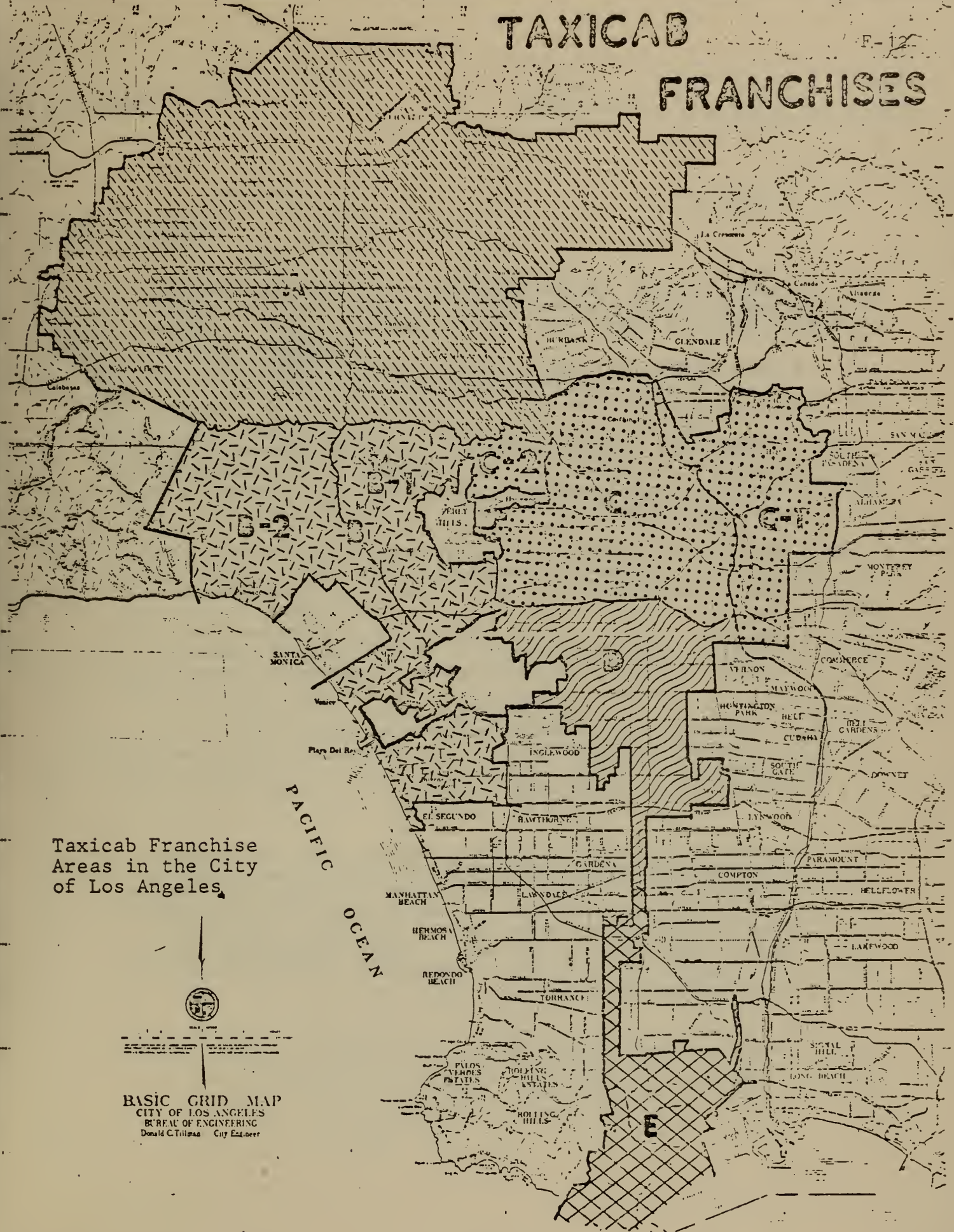


F. - 12.

# Taxicab Franchise Areas in the City of Los Angeles



**BASIC GRID MAP**  
CITY OF LOS ANGELES  
BUREAU OF ENGINEERING  
Donald C. Tillman City Engineer



INDEPENDENT TAXI OWNERS  
ASSOCIATION OF LOS ANGELES

701814

LOS ANGELES CITY CAB CO.

1000 N. GARDEN ST.

LOS ANGELES, CALIF. 90012

SEP 19 AM 11 38

September 9, 1977

BOARD OF PUBLIC UTILITIES AND TRANSPORTATION  
Suite 1600, City Hall  
Los Angeles, Calif. 90012

Attn: Commissioner Robert L. Cohn

Dear Commissioner Cohn:

As per your request at the Board hearings of yesterday, September 8, I am herewith forwarding, in written form, the substance of my remarks before the Board in respect to the matter of allowing taxicab fleet operators to lease their vehicles to their drivers.

I made essentially two points. The first point dealt with my firm belief that with approval of the request of Los Angeles City Cab, Inc. to lease a portion of its fleet, the Board would be further involving itself and the City in a legal controversy regarding the tax status of taxicab lessors. I have included a copy of an article entitled ESTABLISHING AN EFFECTIVE LEASE PROGRAM, authored by Arthur Herold, and appearing in the December, 1976 issue of TAXICAB MANAGEMENT magazine, the journal of the International Taxicab Assoc. I would draw your attention in particular to those sections that I have underlined. You will note from this that the emphasis of the article is on the benefits accruing to the operator mainly in the area of tax avoidance as a result of a leasing program. You will also note that the article emphasizes that for this program to be tax effective it requires that the lessor exercise NO control over the lessee, other than that of the rental fee requirement.

The language of the recommendation from Mr. Sanders and General Manager Russell, which you approved yesterday, is drawn in such a manner that it lends the authority of the city to the notion that the lessor can exercise no control or authority over the lessee. It reads in part: "THIS AGREEMENT WILL ACKNOWLEDGE AND AGREE THAT THERE DOES NOT EXIST EITHER EXPRESSED OR IMPLIED EMPLOYER-EMPLOYEE RELATIONSHIP, BUT STRICTLY A LESSOR LESSEE RELATIONSHIP. THE LESSEE IS TO BE FREE FROM INTERFERENCE OR CONTROL ON THE PART OF THE LESSOR IN THE OPERATION OF THE TAXICAB."

Such language is not only designed to be of assistance to the fleet operators in tax matters. It is also violative of the intent of City Council and of the Mayor in requiring accountability and responsibility on the part of all taxicab operators in Los Angeles. Our Independent association, ITOA, and



# INDEPENDENT TAXI OWNERS ASSOCIATION of LOS ANGELES

INDEPENDENT CAB CO  
1901 E. 1st St., Suite 111  
Los Angeles, CA 90012  
September 9, 1977

Commissioner Cohn

(cont'd.)

page 2

our sister association of independents, UITD, have signed contracts with the City of Los Angeles, a copy of which is enclosed. We call your attention in particular to page two of the agreement, the paragraph titled RESPONSIBILITY. That paragraph reads as follows:

"THE ASSOCIATION ASSUMES THE RESPONSIBILITY TO DO THOSE THINGS NECESSARY TO ASSURE THAT ITS MEMBERS PROVIDE TAXICAB SERVICE IN ACCORDANCE WITH THE PROVISIONS HEREIN AND IN ACCORDANCE WITH THE RULES AND REGULATIONS ESTABLISHED IN BOARD ORDER NO. 324 AND IN OTHER REGULATIONS THAT MAY FROM TIME TO TIME BE ESTABLISHED BY THE BOARD."

This language contrasts most sharply with the language involved in giving carte blanche to the fleet operators in respect to a leasing program. We must object most strenuously under the circumstances. We would further more point out that the carte blanche given the fleet operators is probably illegal and that it would probably be so found in a court of law.

My second point dealt with the reduction of service standards attendant upon such a leasing program under the circumstances of business current in the taxicab industry in Los Angeles.

I hope that it is clearly understood that a leasing program provides a guaranteed income to the fleet operator while substantially driving down the earnings and weakening the conditions of work of the driver, thereby inducing the driver to violate service standards particularly with respect to the provisions against cheating passengers and in other respects.

At present, the average "book" of a driver working the standard 9- $\frac{1}{2}$  hour shift is approximately \$65-70 according to Mr. Lincoln Sanders of the DP&T. The charges for leasing presently in effect by the fleet operators in Los Angeles, vary, according to our best information, from a low of \$37.00 per shift to a high of \$50.00 per shift. In addition, of course, the driver pays for his gas and oil. The average cost of gas and oil is approximately \$6.00 per shift although this can vary downward slightly, or upward substantially depending on the make and model of the car, its mechanical condition, and the distance driven per shift. Taking the lowest figures of \$37.00 rental and \$6.00 gas and oil, and subtracting this from the higher figure for average book, we arrive at a net income before taxes of \$28.00 per shift plus tips. This averages to \$29.00 per hour plus tips. Taking the highest figure of \$50.00 per shift rental, and a high average figure of \$6.00 for gas and oil, and subtracting this from the low average book of \$65.00, we arrive at a net income before taxes of \$7.00 per shift plus tips, or an hourly wage of \$.74 (74¢) plus tips.

# INDEPENDENT TAXI OWNERS ASSOCIATION of LOS ANGELES

INDEPENDENT TAXI OWNERS  
ASSOCIATION of LOS ANGELES  
1000 W. 10th Street, Suite 100  
Los Angeles, CA 90015  
(213) 475-1000

September 9, 1977

Commissioner Cohn (cont'd.) page 3

As can be readily seen, the income of a "leasing" driver is insufficient to make ends meet. Consequently, the incentive to cheat on the part of such a driver is very great. This can be confirmed by an examination of the waybills of such drivers. Mr. Sanders at the DPU&T informs me that with only five inspection personnel, they are unable to do regular waybill inspections, and do so only on occasion, and in the case of a given driver against whom a complaint may have been lodged. (The DPU&T is however, planning to inspect our waybills and those of UITD on Friday, September 15. We would like this to be done for all taxi companies in LA, but that is another issue.)

The cheating takes the following forms:

1. Taking passengers by other than the most direct route. For example, the proper charge from LAX to downtown LA is approximately \$13.00. An inspection of the waybills will reveal that most such trips are costing \$17.00-\$18.00. This is known among drivers as "going around the horn".
2. Deadheading to LAX and the downtown LA area while ignoring radio orders. This is done because the driver can expect to find more lucrative (longer) trips in this way. He/she by this means avoids the market calls, the bar calls, the doctor calls, etc. The consequence of this is that the cab riding public is poorly served and the residential area callers wait longer for a cab than they otherwise would.
3. Refusal of service. The most common example of this offense occurs at LAX where it has already reached epidemic proportions. It also occurs at the LA Greyhound station, and other locations. The way in which this works is that the driver inquires as to the customer's destination before allowing the customer in the cab. If the trip is a "shorty", the driver refuses to allow the customer in the cab, and continues this for as long as necessary to get a trip to his/her satisfaction.

Additionally, the inducement to the driver to exceed the speed limits, and drive improperly in other ways is increased because of his/her desperation to get places quickly, and maybe get in that one more trip before the shift is over. Furthermore, because of his/her lack of adequate remuneration, the driver is more likely than otherwise to be unhappy, and consequently discourteous or even angry with the passengers.

INDEPENDENT TAXI OWNERS  
ASSOCIATION of LOS ANGELES

F-16

INDEPENDENT TAXI CO.  
1408 Belmont, Suite 211  
Los Angeles, CA 90006  
(213) 475-1111

September 9, 1977

Commissioner Cohn (cont'd.) page 4

It should be pointed out that in the last few years in our city, the wages and standards for all drivers of taxicabs have seriously declined. This has resulted from a combination of circumstances. First has been the enormous pool of unemployed and desperate workers willing to take any kind of employment. (This has occasioned the enormous turnover among cab drivers and the resultant depletion of the ranks of experienced drivers, resulting in another consumer ripoff since inexperienced drivers will very frequently not take the shortest route simply because they don't know what it is.) The second cause has been the greed and venality of many of the fleet operators who care nothing about the taxicab business except as a means to a fast buck. (This will not endear me to them but it is the absolute truth and needs to be stated.) The third cause has been the relative weakness of the unions in dealing with the aforementioned two conditions.

In other words, it is quite true that the problems mentioned in regard to the decline of service standards are applicable to ALL drivers for the fleet operators. However, the problems are greatly magnified in the case of a lease setup because the drivers income in such an arrangement declines even more drastically than for the commissioned driver.

It is very possible that the only way to satisfactorily deal with the situation is through legislation on the State and/or Federal levels. In the meantime, I feel that it is a very serious mistake for you and the other Commissioners to allow a lease program for the fleet operators in the present form in which you are doing so, and very probably in any form at all.

I very much appreciate your interest in this matter and hope that I have been able to clarify the questions involved. Needless to say, I am at your disposal for any further meetings, discussions, letters, etc. that you may desire.

Respectfully Submitted,

*Ted Fagin*  
Ted Fagin, Manager, IFOA

See attachment for list of cc



INDEPENDENT TAXI OWNERS  
ASSOCIATION of LOS ANGELES

F-17

INDEPENDENT CAB CO  
200 N. Belmont, Suite 201  
Los Angeles, CA 90004  
(213) 475-0000

September 9, 1977

Commissioner Cohn (cont'd.) addendum

P.S.

In reading over the copy Mr. Commissioner, I note that I have left out some important matters.

First, you should be aware that of the twelve permitted Los Angeles City cab companies, only three are limited as to the number of cabs that they can place on the street. Those three are the two independent associations, ITOA and UITD, and Yellow Cab Co. Consequently, the argument by Mr. Mumaw of DPU&T that the leasing program allows only 20% of the fleet to be leased, loses most of its force in consideration of the fact that the fleets in question are unlimited, and the operator can put as many cabs on the street as he/she cares to. This 20% furthermore represents the proverbial "foot in the door" and you can be sure that you have not heard the end of such requests. Anytime that you grant somebody a guaranteed income as the result of that person doing little or nothing, you can be sure that his cousins, aunts, uncles, friends, neighbors and children will be knocking on your door in the very near future.

Second, it has come to our attention through the taxi grapevine that some fleet operators are "selling" cabs to their drivers. Specifically, we have heard this in regard to Red & White and in regard to City Cab. Although we cannot attest to the validity of these rumors, we suggest that they are worthy of investigation. With regard to Red & White, we have heard that the cabs have been sold for \$2,700.00 with the provision that the driver-buyer also purchase dispatching at \$160.00 per week. Should these rumors prove to be true, we feel that they would constitute a serious abuse of the "lease" rights already granted.

A major problem that you and the other Commissioners face in trying to get the facts on this or any other matter in which you are expected to cast a vote is that you receive only nominal pay for sitting on the Board. Consequently you are obliged to get everything through the perceptions and the biases of others. It would be very helpful if the city could see fit to pay the Commissioners to do a full time job, and stop expecting you to do the right kind of a job while obliging you to hold down a completely different full time job in order to put bread on your table. We can perhaps be of some small help. You are invited, as are all of the Commissioners and other interested parties, to take a ride around the city with us, (no charge of course), to see first hand what is going on. We will supply you with one of our excellent drivers in one of our excellent taxicabs, and I feel that you will be surprised at what you find. Thanks again for your consideration.



INDEPENDENT TAXI OWNERS  
ASSOCIATION of LOS ANGELESINDEPENDENT TAXI CO.  
184 N. Hollywood Blvd. 2nd  
Fl. Los Angeles, Calif. 90028  
(213) 441-1111

September 2, 1977

Commissioner Cohn (cont'd.) attachment

cc: The Honorable Mayor Tom Bradley  
Councilmember Ronka  
Councilmember Wachs  
Councilmember Picus  
Councilmember Ferraro  
Councilmember Yaroslavsky  
Councilmember Russell  
Councilmember Bernardi  
Councilmember Farrell  
Councilmember Lindsay  
Councilmember Cunningham  
Councilmember Braude  
Councilmember Wilkinson  
Councilmember Stevenson  
Councilmember Snyder  
Councilmember Gitson  
Commissioner Weiss  
Commissioner Boschan  
Commissioner Woodson  
Commissioner Chick  
General Mgr. Russell  
Division Eng. Sanders  
U.S. Senator Cranston  
U.S. Senator Hayakawa  
Cal. Senator Garcia  
Cal. Senator Holden  
Cal. Senator Alquist  
Cal. Senator Presley  
Atty. Sol Scope (LTOA)  
Pres. David Shapiro (UITD)

1977 TAXI STUDY- SAN FRANCISCOA. Introduction

While in San Francisco I spoke with:

1. Allan Lubliner, Transportation Specialist, Mayor's Office
2. Lt. O'Donnell, Police Department
3. Officer Martindale, Police Department

B. Industry Structure      There are 849 cabs authorized to operate in San Francisco. During the time of my visit, Yellow Cab, holder of 503 licenses, was in bankruptcy court and not operating. The remaining 346 licenses belong to small companies and independents. Because Yellow Cab was not operating, 91 temporary permits were issued. There are a total of 28 companies and associations. The largest besides Yellow Cab are Desoto (76 cabs), Luxor (65 cabs), and City Cab (50 cabs). Many of the companies and associations are run as cooperatives. The total number of cabs has not changed since 1969, when 110 permits were issued.

C. Medallions      The medallion price range was quoted as \$15,000-\$20,000. The Police Department charges a transfer fee of \$1500. When the 110 permits were issued in 1969, they were sold by the Police Department for \$7,500 each. The Police Department still has the power to sell additional medallions, but has not exercised that power.

D. Leasing      Leasing is allowed in San Francisco. There is no regulation applying to leasing, and the City is not concerned with its implications regarding taxi service.

E. Rates Rates are regulated by the Board of Supervisors (City Council). A requested increase is analyzed by a rate adjuster in the City Law Department and a recommendation made to the Board of Supervisors. San Francisco has a high drop (90¢) and a high mileage rate (90¢). Comments by officials indicated that rate setting is based on either no criteria or inappropriate criteria. The decision is not necessarily made on an economic analysis. There have been five rate increases in the last few years. Rates have been forced up by a coalition of company owners and minority drivers. A variable rate system was initiated in a six month experiment. No rates were set below the maximum allowed. When a rate request is analyzed, information on expenses and revenue from only a few companies is investigated.

F. Drivers There is a strong drivers' union. This union has gone along with rate increases.

G. Operations There is no group riding allowed. The of stands, both downtown and at the airport, used to be franchised to companies, but now they are open for use by any cab. An independent commission regulates cab use at the airport.

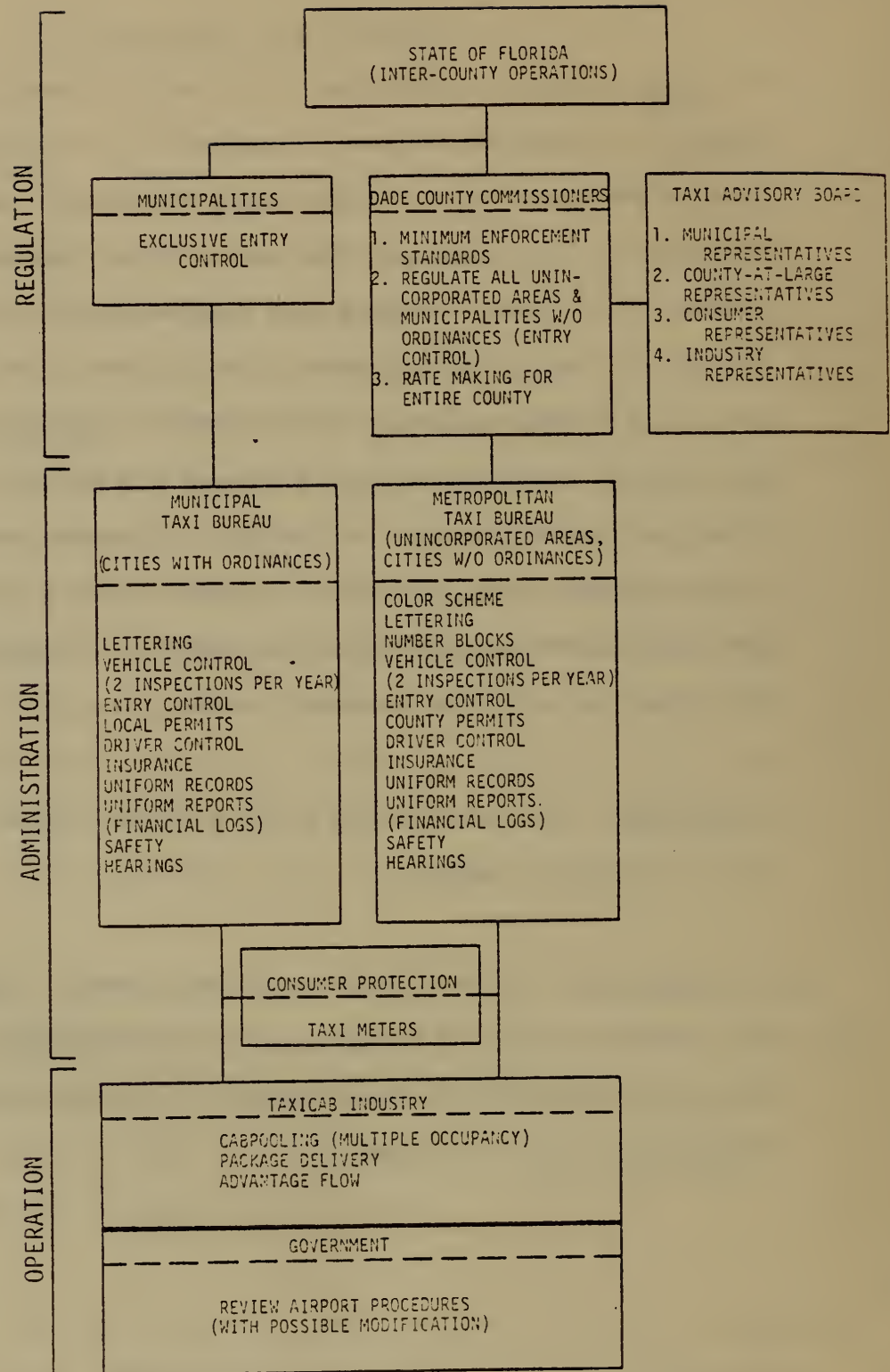


Figure -  
ALTERNATIVE  
TAXICAB IMPROVEMENT  
PROGRAM



TABLE 17

## SUMMARY OF ORDINANCE

<u>Section</u>	<u>Description</u>
1	Definitions and General Application of Article
2	Taxicab Bureau and Taxicab Board
3	Driver's Permit
4	Certificates and General Consideration
5	Uniform Driver Requirements
6	Taxicab Zones and Stands
7	Safety Requirements
8	Taximeters
9	Liability Coverage for Taxicabs
10	Rules for Operation
11	Regulation of Rates
12	Penal Provisions
13	Repealing Provision
14	Effective Date

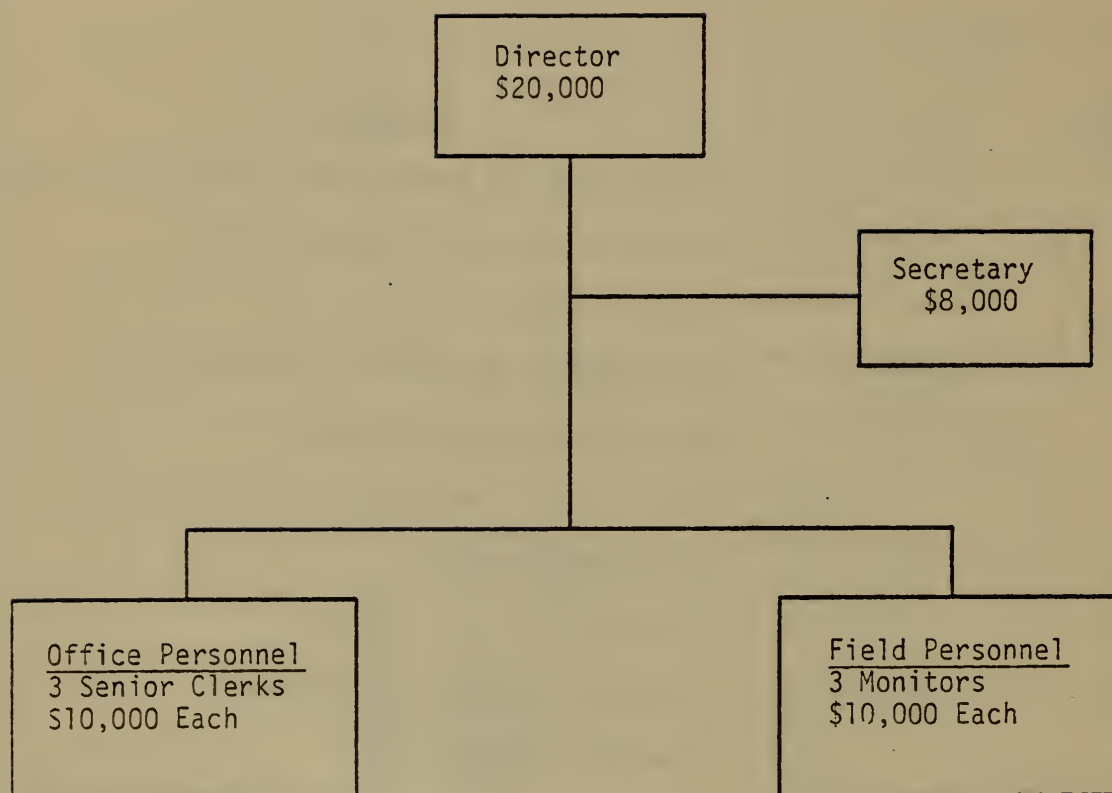


Figure 8

ALTERNATIVE A  
METROPOLITAN TAXICAB  
BUREAU STAFFING

TABLE 18

SOURCE OF PROCURING ADMINISTRATION FUNDS - ALTERNATIVE A

	Certificates <sup>1</sup> @ \$100.00 Number	Vehicle Permit @ \$50.00 Number	Driver Permit <sup>2</sup> @ \$5.00 Number	Total Revenue
Municipalities	362	1260	1226	\$105,330.
Dade County Commissioners	245	1214	307	\$ 86,735.
Totals	607	2474	1533	\$192,065.
			Total Revenue to County:	\$ 86,735.
			Total Program Cost:	\$110,000.
			Program Deficit:	(\$ 23,265.)

<sup>1</sup>Number of certificates of public necessity and convenience outstanding used as revenue source.

<sup>2</sup>Drivers for 1179 taxicabs determined from proportion of county permits to municipal permits as established in Table III-1, Milestone Report No. 1. Resulting apportionment of taxicabs multiplied by 1.3 drivers/cab.

TABLE 19

## SAMPLE OPERATING FORM FOR ALTERNATIVE A

TAXICAB OPERATING STATEMENT  
FOR THE PERIOD \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

(1) CAB RECEIPTS.....\$ \_\_\_\_\_

## OPERATING EXPENSES

- (2) Driver Cost.....\$ \_\_\_\_\_  
 (3) Vehicle Operation (Gas, Tires)..... \_\_\_\_\_  
 (4) Maintenance (Labor, Parts)..... \_\_\_\_\_  
 (5) Garage..... \_\_\_\_\_  
 (6) Public Liability (Insurance)..... \_\_\_\_\_  
 (7) General and Administrative.....\$ \_\_\_\_\_  
 (8) Total Operating Expenses.....\$ \_\_\_\_\_

## OTHER EXPENSES

- (9) Depreciation.....\$ \_\_\_\_\_  
 (10) Interest, Taxes.....\$ \_\_\_\_\_  
 (11) Total Other Expenses.....\$ \_\_\_\_\_  
 (12) TOTAL EXPENSES (line 8 plus line 11).....\$ \_\_\_\_\_  
 (13) OPERATING RATIO (line 8 divided by line 1).....  
 (14) EXPENSE RATIO (line 12 divided by line 1).....  
 (15) TOTAL MILEAGE.....



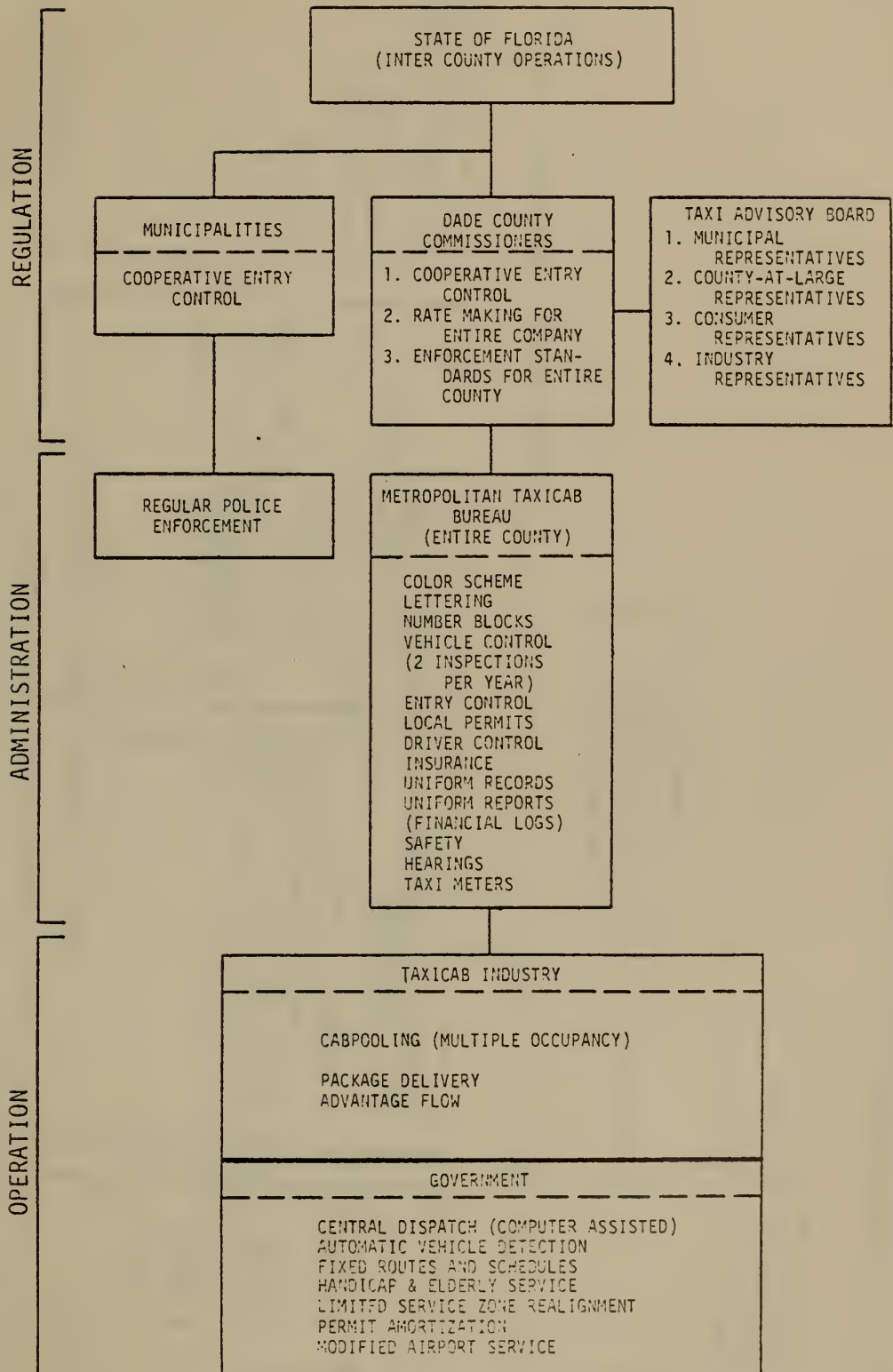


Figure 9

ALTERNATIVE  
TAXICAB IMPROVEMENT  
PROGRAM B

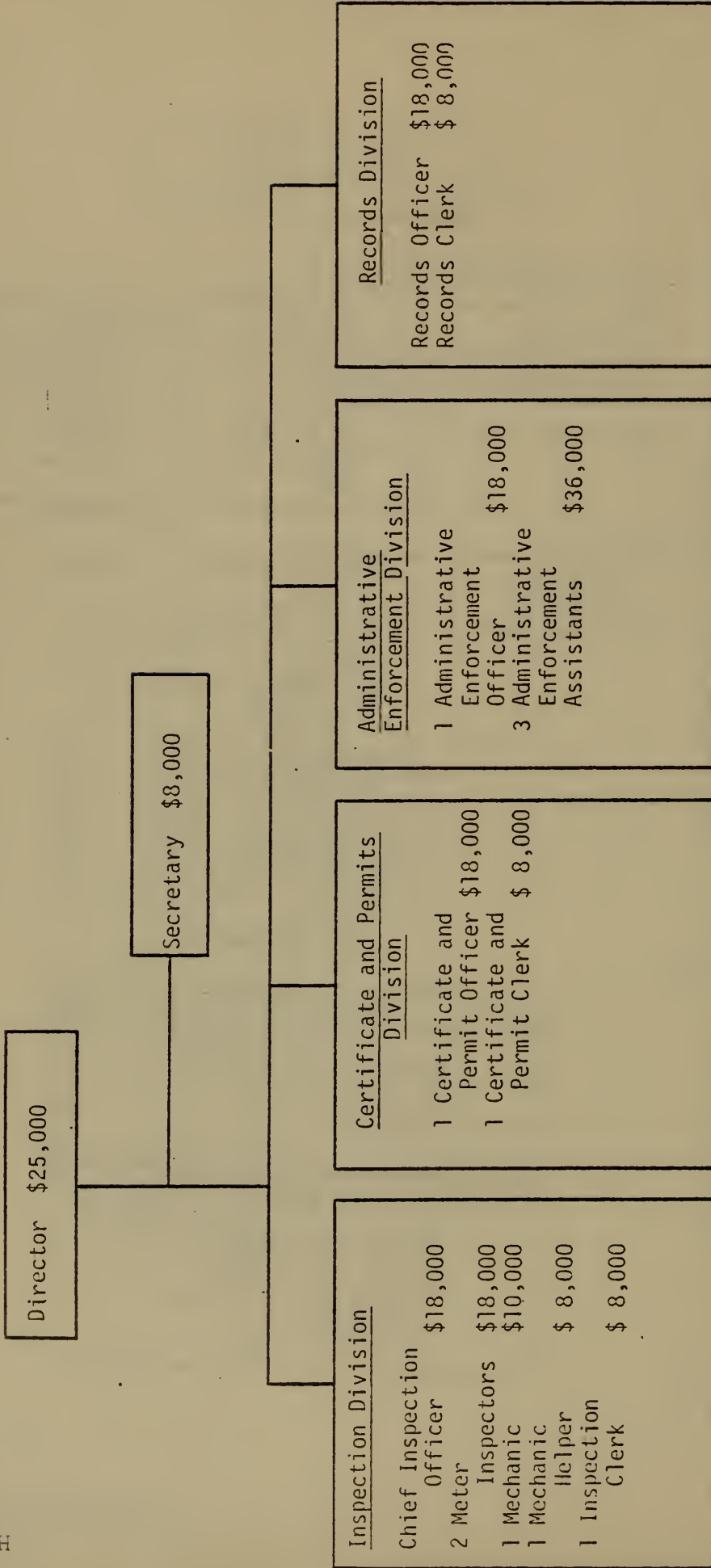


Figure 10

ALTERNATIVE B  
METROPOLITAN TAXICAB  
BUREAU STAFFING

TABLE 20

SOURCE OF PROGRAM FUNDS - ALTERNATIVE B

<u>Certificates</u> <u>@ \$100.00</u>		<u>Vehicle Permit</u> <u>@ \$50.00</u>		<u>Operator Permit</u> <u>@ \$5.00</u>		<u>Total</u> <u>Revenue</u>
Number	Revenue	Number	Revenue	Number	Revenue	
607	\$60,700	2,474	\$123,700	1,533	\$7,665	\$192,065

Total Program Cost: \$251,250  
Program Deficit: (\$ 59,185)

TABLE 21

## SAMPLE OPERATING FORM FOR ALTERNATIVE B

TAXICAB OPERATING STATEMENT  
FOR THE PERIOD \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

(1) CAB RECEIPTS.....\$ \_\_\_\_\_

## OPERATING EXPENSES

(2) Driver Cost.....\$ \_\_\_\_\_  
 (3) Vehicle Operation (Gas, Tires)..... \_\_\_\_\_  
 (4) Maintenance (Labor, Parts)..... \_\_\_\_\_  
 (5) Garage..... \_\_\_\_\_  
 (6) Public Liability (Insurance)..... \_\_\_\_\_  
 (7) General and Administrative..... \_\_\_\_\_  
 (8) Total Operating Expenses.....\$ \_\_\_\_\_

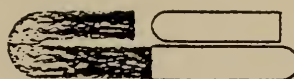
## OTHER EXPENSES

(9) Depreciation on Equipment..... \_\_\_\_\_  
 (10) Depreciation of Permit<sup>1</sup>..... \_\_\_\_\_  
 (11) Interest, Taxes..... \_\_\_\_\_  
 (12) Total Other Expenses.....\$ \_\_\_\_\_  
 (13) TOTAL EXPENSES (line 8 plus line 12).....\$ \_\_\_\_\_  
 (14) OPERATING RATIO (line 8 divided by line 1)..... %  
 (15) EXPENSE RATIO (line 13 divided by line 1)..... %  
 (16) TOTAL MILEAGE..... Mi.

<sup>1</sup>Depreciated to a level at which all permits are equalized over an eight year period.



william a. jessiman  
marvin l. manheim  
wayne m. pecknold  
paul o. roberts  
daniel l. mc fadden



cambridge  
systematics, inc.

earl r. ruitar  
moshe e. ben-akiva  
steven r. lerman  
george a. kocur  
john h. suhrbier

16 November 1977

Kendall Square Building  
238 Main Street  
Cambridge, Mass. 02142  
(617) 354-0167

Joseph M. Jordan  
Office of the Police Commissioner  
154 Berkeley Street  
Boston, Massachusetts 02116

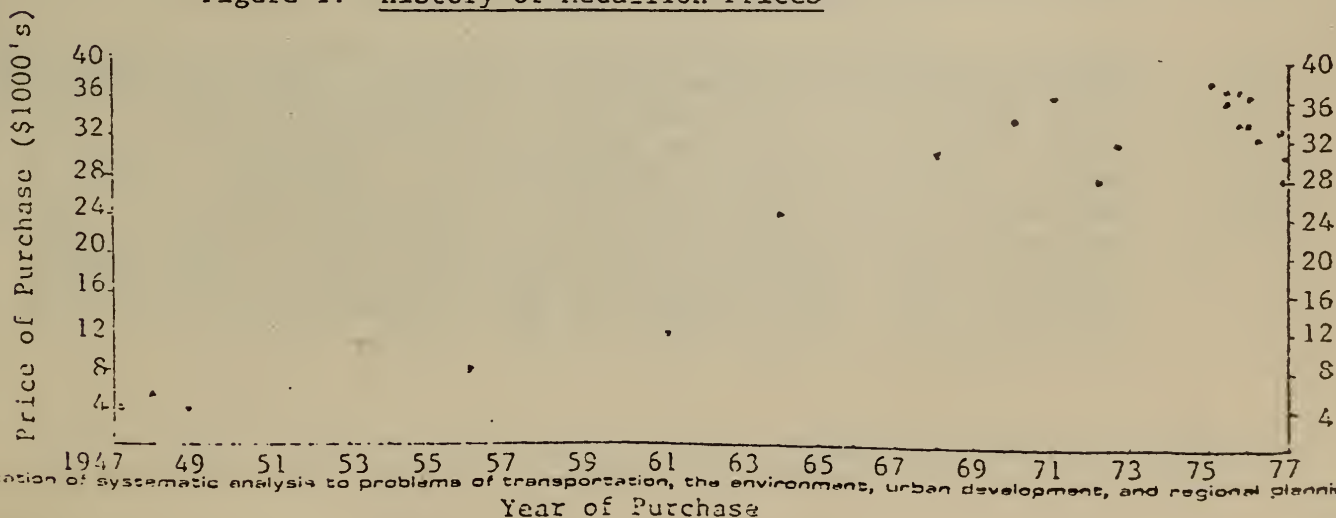
Dear Commissioner Jordan:

Cambridge Systematics has completed its study of the market for Boston Taxi Medallions and Medallion Prices. In summary, we have found a fragile market with a limited demand for medallions at current prices; however, we found no evidence of recent price manipulations in this market. This report includes a 30-year history of medallion prices, a micro-economic analysis of potential demand for taxi medallions, some speculations on the future supply of medallions, a summary of market characteristics, and some recommendations designed to reduce market imperfections.

### Medallion Prices

From the scant records available, the medallion price appears to have climbed from \$3,000 in 1947 to \$35,000 by 1971. Since then it has fluctuated to a high of \$39,000 in 1974 and has fallen to its current \$30,000 price, as illustrated in Figure 1.

Figure 1. History of Medallion Prices



The doubling of medallion prices between 1962 and 1974 occurred after the airport was restricted to cabs licensed in Boston. The price jump in the early 70's occurred after the Small Business Administration started to guarantee 3% business loans for minorities who wanted to enter the taxi industry. Several owners report that the medallion price jumped after each of the last three rate increases, but the incomplete records are not sufficient to confirm this. There appears to be a consistent \$5000 spread between high and low medallion prices that is not accounted for by the differences in equipment, radio services or financial services.

### Demand for Medallions

There is no simple answer to the question, "What is a medallion worth?" Its worth to a prospective buyer depends on how he operates his cab(s), how long he wants to work, the way the medallion is financed, his desired return on investment, and his expectations about future costs and revenues. The following summary is based on an analysis of financial statements of 10 owners who run about 60 taxis in Boston. The averages presented below are accurate within 10% for the leased taxi fleets and within 20% for the owner-drivers.

The way an owner operates his cab will limit the amount he is willing to pay for a medallion. Roughly, there are three types of owners in the Boston taxi industry:

- owners who pay their drivers by commission. Usually these are large fleets who also provide a radio dispatch service.
- owners who lease their cabs to drivers for a fixed fee. Typically, they operate five to forty cabs as a small fleet.
- owners who hold one cab (sometimes two) and drive it themselves.

As shown on their income statements, most commissioned fleet owners have very small profit margins or operate at a loss. In addition to the costs of leased fleet operators, they incur costs of employee commissions and payroll taxes. As long as they expect current costs and revenues to remain unchanged, few commissioned fleet owners can afford to pay more than \$5,000 for a medallion. They are not buying medallions at current prices.

The price an owner of a small fleet of leased taxis is willing to pay for a medallion depends on his method of financing and the rate of return he wants on his investment. At current costs and revenues, an owner of nine leased taxis can expect to clear \$26,000/year after paying himself or a hired manager \$8,000. (The only expense excluded from this calculation is debt service on the medallion.) The average annual return/medallion is \$2,900. An owner who pays cash for his medallions (which eliminates debt service) and is willing to accept a 10% return on his investment will pay \$29,000/medallion. If he requires a 12% return, he will pay only \$24,000/medallion, but if he accepts an 8% return he will pay over \$36,000. However, few potential fleet owners



can pay cash for their medallions, so the demand at these prices is limited.

Most small fleet owners borrow money to purchase their medallions. Commonly, they borrow \$25,000 for each taxi medallion for eight years at 13.49% interest (8% add on). To qualify for this favorable interest rate, such an owner must make a substantial down payment. If he buys a medallion for \$30,000, with a \$5,000 down payment and \$25,000 borrowed money, he will realize an 11% return on his investment. If he paid \$29,000 with a \$4,000 down payment, he will realize a 12% return.\* However, his debt service and amortization will cost \$5,125/cab a year and cannot be covered by his \$2,900 average annual return. Therefore, he will have to put an additional \$2,225 each year into the business for each medallion to help amortize his eight year loan. Only a few of the leased fleet owners can afford this.

If this owner wants a 30% return on investment with a \$5,000 down payment, he would need \$4,660 average annual profit/taxi. In other words, he would have to find a way to increase revenues or decrease costs by \$1,760/cab per year. Still, he would have to pay an additional \$1,080/medallion into the business annually to help amortize his eight year loan. Most small fleet owners ask for enough profit to cover their debt service, amortization, and taxes on the amortization. On the average, that would be \$6,670/taxi each year, which is equivalent to a 50% annual return on investment (after taxes) for a \$30,000 medallion, and a \$5,000 down payment.

The value of a medallion for an owner-driver is more difficult to estimate. It depends both on how hard the owner is willing to work and his minimum acceptable salary. A typical owner-driver reports \$18,000 per year in tips and fares working 5½ days a week, 10 to 12 hours a day and has expenses of \$8,800 excluding his own salary and debt service. (He may gross more but his records do not show it.) If the owner-driver is willing to work six days a week, 12 to 14 hours a day, he can gross \$25,000, without stealing. His operating expenses are \$9,700. Therefore, the owner-driver has \$9,500 to \$15,300 to cover his debt service, his corporate and personal taxes, and his salary. If he saves enough money to make a substantial down payment on the medallion, he can get the same \$25,000 loan for eight years at 13.49% interest. His annual debt payment is \$5,125 and his taxes (at 30%) on the equity he builds as he amortizes the loan will average \$1,000 a year (\$560 the first year and \$1,430 the eighth year). If he works a typical schedule, he will net \$3,375 for his own salary and taxes, or if he works long hours, \$9,125.

To the owner-driver, the equity he builds as he amortizes his loan is a form of enforced savings averaging \$3,125/year (\$1,865 first year; \$4,770 eighth year). His effective income then is \$6,500 typically, or \$12,250 if he works long hours. Working in a different job requiring a comparable level of training for the same hours, the typical driver could earn at least \$7,250 at minimum wage and the moonlighter could make at least \$10,500. Therefore, the medallion under current costs and revenues is worth at least \$25,000 to the operators who can live on \$3,500 to \$9,000 a year.

---

\* The calculations in these two paragraphs use net present value of the income streams over eight years. This example is documented in the work sheets.

16 November 1977

Most owner-drivers see a taxi medallion as a guarantee to a job and the freedom of being their own boss. Some are willing to make a \$2,000 to \$5,000 down payment to secure these benefits. (They are only losing \$1,000 in savings account interest over eight years if they make the \$2,000 down payment, and \$2,400 if they put \$5,000 down.) So it makes economic sense for these drivers to pay \$27,000 to \$30,000 for a medallion.

If the owner-driver cannot make a down payment and has to borrow the entire purchase price, he will have to be willing to work the longer hours. With no down payment, the annual interest rate can be 17.8% (11% add on) on a \$30,000 loan for eight years. His debt service and corporate taxes would be \$3,175, leaving him \$7,125 income. If he needs only \$6,000 income before taxes, he might be willing to pay as high as \$34,000 for a medallion. Obviously the number of people willing to work 55 to 75 hours a week and willing to live on \$3,500 to \$7,000 a year are limited, so there should be a light demand by potential owner-drivers for medallions at prices over \$25,000.

In summary, the demand for taxi medallions at \$29,000 or \$30,000 created by informed buyers is limited. The small leased fleet operators have purchased 62% of the medallions transferred between 1 January and 30 September 1977. About 26% were purchased by owner-drivers, 6% by owners of three or four cabs, and 6% were purchased by financiers during foreclosures. The demand is inflated a little by a number of potential owner-drivers who enter the market without full knowledge of the costs of operating a taxi. For example, an owner may not be aware that he will owe taxes on the amortized portion of his loan. After he has held his medallion for a year or two, he cannot meet the expenses and loses the medallion in foreclosure. The medallion then is purchased by another owner-driver who is not fully aware of the costs.

Several assumptions are built into this analysis. First, the owners of the medallions must assume that it will maintain a constant price. If they believed the market price would increase over time they would be willing to pay slightly more for it today. For example, a number of owners bought in the early 70's, expecting the medallion to increase in value. Second, the owners must assume that their current costs and revenues will be constant over time or that their costs will increase no faster than their revenues. If they expected their costs to rise faster than their revenues, they would pay less for a medallion. The Commissioner can influence taxi industry costs through enforcement, licensing fees, insurance requirements, and regulating leasing. He may be able to influence revenues (if elasticity of demand for taxis is low) through his rate-setting policies.

#### Supply of Medallions

Medallion prices have remained near \$30,000 despite the thin demand for several reasons. First, few medallions are on the market at any point in time, so the thin demand is usually matched by a limited supply. Second, when a large number of medallions flood the market, several existing owners or financiers seem to buy in quantity and hold them just long enough to find buyers at the prevailing market price. This short term trading brings stability to an otherwise volatile market.



The number of medallions available for sale and the price should remain constant for the next few years. However, these events could reduce the medallion price: 1) The large fleets could decide to sell off more medallions which would flood the market; 2) If costs continue to climb, more owner-drivers could fall behind in their payments and have their medallions foreclosed. This would increase the supply of medallions on the market and reduce the demand; 3) Finally, the insurance companies, with the insurance commissioner's help, could force those taxi owners who made a lot of collision insurance claims under no fault to pay high premiums based on their claim history. This would more than double the insurance costs to some leased fleets. Perhaps it would bankrupt the small fleets which have been defrauding the insurance companies, thereby flooding the medallion market.

### The Taxi Medallion Market

The market for taxi medallions is similar to the stock market. In purchasing a medallion, an individual is buying a business. The price the individual is willing to pay depends on expectations of future earnings and future prices of the medallion. Over the long run there have been no dominant buyers or sellers. However, the medallion market has serious imperfections and is open to manipulation.

The taxi market is small, with relatively few transactions at any one time. There are about 200 transactions each year; the monthly average is 17, but in some months there are only two or three sales. Part of this market is not recorded in the police files. Some financiers with small fleets enter 8 or 10 year lease-purchase agreements with individual drivers. These do not appear as transfers until the end of the lease period. This is a recent practice, so few, if any, records of these transactions exist.

Many of the people in the market do not have complete information. Information spreads in the taxi industry through informal channels. Potential buyers who have not developed contacts in these informal networks are likely to pay up to 20% above average market prices. This could be responsible for the wide spread of market prices.

Most people involved in the taxi industry, sellers, current owners, and financiers, would benefit if the medallion price increased. Potential buyers want some assurance that the medallion price will not drop. Therefore, the market creates pressure to increase or at least maintain the medallion price. This could explain the market history of rapid price increases and relatively slow price decreases.

### Conclusions and Recommendations

Analysis of the medallion transactions during the last ten years yields no conclusive evidence of market manipulation.\* The cost analysis showed at

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\* This analysis is contained in the enclosed Summary of Market Characteristics.

16 November 1977

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least some demand for medallions at current prices. However, we cannot claim that there have been no attempts to maintain a particular medallion price.

The Commissioner can reduce the opportunities for manipulation by requiring detailed information on lease purchase agreements, and detailed information on any change of stockholders for companies holding taxi medallions. The current Police Department practice of interviewing buyers also reduces possible manipulation. The Commissioner should improve the market information by publishing quarterly or monthly lists of the medallion sales price. Finally, the Commissioner can monitor medallion prices for several months following changes in rates to test the assertion that medallion prices are influenced by rates.

Mr. Giel will be available to brief you and your staff at your convenience. We have enjoyed working with the Police Department on this study and would be glad to assist you further on a time and cost basis.

Sincerely yours,

*Paul O. Roberts*

CAMBRIDGE SYSTEMATICS, INC.

Paul O. Roberts

Principal

POR:JSR ✓  
encl.

SUMMARY OF MARKET CHARACTERISTICSBOSTON TAXI MEDALLIONS

Police Department records of taxi medallion transfers yield the following information:

Table 1

<u>Ownership of Taxi Medallions</u>		<u>1 October 1977</u>
<u># Medallions/Owner</u>	<u># Owners</u>	<u>Total # of Medallions Held</u>
1	352	352
2	31	62
3	22	66
4	10	40
5 to 9	22	178
10 to 19	16	197
20 to 40	6	154
43 and Above (Fleets)	5	476
TOTAL	464	1525

As Table 1 indicates, individual drivers (owning one or two cabs) hold 414 medallions. Six hundred and thirty-five medallions are held in 76 small fleets (3 to 40 cabs), and 476 are owned by the five large fleets. In 1961, owner-drivers held about 465 medallions, small fleets held about 435, and the large fleets held 625 medallions. The substantial drop in the number of medallions held by large fleets has occurred since 1972. Except for the largest fleets, no owners can consistently influence the market price for medallions.

Though medallion ownership is spread among 464 owners, police records shown much tighter concentration of financing.

Table 2

Financing of Boston Taxi Medallions      1 October 1977

<u>Financier</u>	<u># Medallions Financed</u>	<u>% Financed</u>
Brighton Discount	290	19.0
Shawmut Bank	245	16.1
Park Credit	181	11.9
Lorraine Smith/Helen Ellis	72	4.7
Guarantee Bank & Trust	43	2.8
Sydney Freeman	22	1.4
Commonwealth Bank	20	1.3
McCann's/Boston Cab	18	1.2
First National Bank	17	1.1
University Bank	9	.6
Nathan Tabasky	8	.5
Symore Oran	8	.5
Others	24	1.6
No Record	262	17.2
Not Financed	306	20.1
 TOTAL	 1525	 100.0

Most of the medallions with no record of financing have been held by their current owners since 1968, the year the Police Department required notification of encumbrances. Perhaps as many as 200 of these medallions are not financed now. Of the 1000 encumbered medallions, most are financed by Raymond Reef, Shawmut Bank or Hyman Pallin. But potential buyers often shop around for their loans. Over a period of time no single financier seems to have a monopoly or seems to be able to dictate terms of sale to individual buyers.

The taxi medallion market shows only those medallions that are transferred. Table 3 shows the number of medallions transferred each year since 1961 and shows who financed the transfers since 1967.



Table 3

Annual Transfers in the Taxi Medallion Market

<u>Year</u>	<u>Number Financed by:</u>						<u>Total</u>
	<u>Brighton Discount</u>	<u>Park Credit</u>	<u>Shawmut Bank</u>	<u>Others</u>	<u>Unknown</u>	<u>No Financing</u>	
1977 (this Sept.)	55	49	13	6	27	1	151
1976	83	48	11	19	36	1	208
1975	109	72	54	13	15	3	266
1974	55	63	36	15	16	1	186
1973	79	43	31	34	13	1	201
1972	41	37	81	131	40	0	330
1971	20	35	52	52	19	2	180
1970	7	22	62	28	20	0	139
1969	4	62	63	40	14	1	184
1968	3	42	67	12	72	1	197
1967	1	45	40	16	57	3	162
1966							89
1965							139
1964							145
1963							153
1962							129
1961							55
TOTAL('67-'77)	457	528	510	366	329	14	2204
% TOTAL	20.8	24.0	23.1	16.6	14.9	.6	100.0%
TOTAL TRANSFERS 1961-1977							2914

In 1972 the Boston Cab Fleet (96 cabs) was sold and Checker Taxi sold 98 medallions in 1975. On the average, 200 medallions have been transferred each year since 1967. But this average hides a large monthly fluctuation; as many as 40 medallions have been transferred in one month, while other months have only one or two transfers. When there are few medallions on the market, it can be influenced easily by a single buyer or seller.

Table 3 indicates that Brighton District has been the principal lender since 1972. Shawmut Bank has issued few loans to new owners in the last two years.

Park Credit has financed more transfers than either of them during the last 11 years, but many of these were foreclosures.

Police records indicate that 515 medallions have been held by one owner since 1961. Relatively few medallions have been involved in most of the transactions in the last 10 years.

Table 4

Distribution of Medallion Transfers 1967 to 1977

<u># of Times Transferred</u>	<u># of Medallions</u>	<u>% Medallions</u>	<u>Total Transfers</u>	<u>% Transfers</u>
0	554	36.0%	0	0%
1	301	20.0%	301	13%
2 to 4	568	37.0%	1430	62%
5 or more	101	7.0%	569	25%
TOTAL	1525	100.0%	2300	100%

The 101 medallions which have been transferred five or more times since 1967 constitute 25% of all transactions in the medallion market. However, there was no concentration of ownership among either buyers or sellers in these transactions. These 569 transactions were financed as follows:

Table 5

Financing for 101 "High Turnover" Medallions 1967-1977

<u>Financier</u>	<u>Transactions Financed</u>	<u>% Financed</u>
Park Credit	198	35%
Shawmut Bank	114	20%
Brighton Discount	98	17%
Others	68	12%
No Record	91	16%
TOTAL	569	100%

From this record, it appears that no single financier had a large enough market position to control taxi medallion prices. But the financiers, by lending money to "bad risks", could have expanded the demand for taxi medallions and driven the price up slightly.

WORK SHEETS ON MEDALLION DEMAND

TAXI OPERATING COSTS AND REVENUES

I-11

10 of 13 medallions  
shifted

assumed  
lowest

potential

high

	Costs and Revenues/Cab (Average 9 Taxi Leased Fleet) 81% Utilization	Costs and Revenues/Cab Owner-Driver	
		55 to 65 Hours	72 to 85 Hours
Gross Receipts	\$13,231 22 by 25 in 10 \$35/500	\$18,041 if low 25,100	\$24,970
Expenses			
Amortization		80	80
Advertizing	0		
Accounting/Legal	67	420	420
Depreciation	1,780	1,700	1,700
Dues	89	70	70
Gas, Oil, Grease	86	2,660	3,600
Insurance	3,060	1,350	1,350
Interest on Equipment and Insurance	319	300	300
Garaging	385		
License and Permits	55	56	56
Office Expense	28	50	50
Officer Compensation	886		
Other Wages	598		
Payroll Taxes	114		
Radio Maintenance	26	90	90
Repairs and Maintenance (Parts and Labor)	1,573	900	1,000
Tires	131	150	200
Taxes			
Certification of Condition	11	35	35
Auto Excise	159	<del>176</del>	<del>176</del>
State Income	301	251	251
Federal Income	503		
Sales Tax	76	80	80
Tolls and Tickets	0	90	100
Miscellaneous and Non-deductable	38	25	35
Washes	47	50	80
Total Expense (Excluding Medallion Debt)	10,333	8,523	9,673
Net Income	2,898	9,508	15,297
Medallion Interest	939	?	?
Actual Profit	1,960	?	?
Average (Book Value of Medallion)	20,952	?	?

AMORTIZING A LOAN

Interest on a \$25,000 loan at 8% add on for 8 years costs \$16,000  
 (\$25,000 x 8% x 8 = \$16,000). If the loan and interest is paid back in  
 equal monthly installments, they will be \$427.08 ( $\frac{16,000 + 25,000}{8 \text{ yrs.} \times 12 \text{ mo/yr.}} = \frac{\$41,000}{96 \text{ mo.}}$ ).  
 The effective annual percentage rate on this loan is 13.49%. The annual  
 payments are \$5,125. In early years most of the payment covers interest.  
 The payoff schedule calculated by the 78's method is:

<u>Year</u>	<u>Amortized Principle</u>	<u>Interest on Remaining Principle</u>	<u>Total Payment</u>
1	\$ 1,865	\$ 3,260	\$ 5,125
2	2,132	2,993	5,125
3	2,438	2,587	5,125
4	2,789	2,336	5,215
5	3,189	1,936	5,125
6	3,647	1,478	5,125
7	4,179	955	5,125
8	4,770	355	5,125
TOTAL	\$25,000	\$16,000	\$41,000

In later years most of the payment amortizes the loan.



RETURN ON INVESTMENT

## Simple Interest

$$\text{Return} = \text{Interest Rate} \times \text{Principle}$$

or

$$\text{Principle} = \frac{\text{Return}}{\text{Interest Rate}}$$

A \$2,900 return and a 10% interest rate yields \$29,000 principle

$$\$29,000 = \frac{\$2,900}{10\%} = \frac{\$2,900}{.10}$$

Likewise, the investment principle is calculated for a 12% interest

$$\$24,167 = \frac{\$2,900 \text{ return}}{12\% \text{ interest}}$$

## Present Value Calculations

Money loses value over time; a \$1,000 payment five years from now will be worth less than a \$1,000 payment today. If \$1,000 is paid today, it could be invested in a 5% savings account and would be worth \$1,276.28 in five years. If I want \$1,000 payment in five years, I could deposit \$783.53 in a 5% savings account now. Therefore, at 5% interest, \$1,000 five years from now is equivalent to a \$783.53 payment now. If the interest rate is 10%, the \$1,000 payment in five years is equivalent to \$620.92 now.

It is possible to calculate the present value of a series of payments received in the future. For example, the present value of eight annual payments of \$2,900 is:

<u>Received at</u> <u>End of Year</u>	<u>Payment</u>	<u>Present Value</u> <u>at 10% Interest</u>	<u>Sum of</u> <u>Present Values</u>
1	\$2,900	\$2,636	\$ 2,636
2	2,900	2,397	5,033

<u>Received at End of Year</u>	<u>Payment</u>	<u>Present Value at 10% Interest</u>	<u>Sum of Present Values</u>
3	\$2,900	\$2,179	\$ 7,212
4	2,900	1,981	9,193
5	2,900	1,800	10,993
6	2,900	1,637	12,630
7	2,900	1,488	14,118
8	2,900	1,353	15,471

If a business which yields a profit of \$2,900/year is sold for \$29,000 after eight years, the present value of the business can be calculated for different interest rates.

At 10% the present value of \$29,00 in eight years is \$13,529

At 10% the present value of eight \$2,900 yearly profits is \$15,471.

The present value of the business at 10% interest is \$29,000. If a 10% return on investment is required, no one should pay more than \$29,000 now for this business.

When a businessman makes a down payment and a series of equal payments in the future, it is possible to discount these payments to a present value. For example, if a business required a \$5,000 down payment and eight annual \$2,225 payments, the present value of costs to the buyer is \$16,450.

Present value of \$5,000 spent now	-\$ 5,000
+ Present value of eight annual \$2,225 payments at 11%	- 11,450
	-\$16,450

This business will yield \$2,900/year until the buyer wants to sell. Because he borrowed \$25,000 at 13.49% interest for eight years to finance this business, this buyer expects the following interest payments and net profit.

<u>Year</u>	<u>Interest</u>	<u>Before Interest Yield</u>	<u>Net Profit</u>	<u>Present Value at 11%</u>
1	\$ 3,250	\$ 2,900	-\$ 360	-\$ 324
2	2,993	2,900	- 93	- 75
3	2,698	2,900	213	156
4	2,336	2,900	564	372
5	1,936	2,900	964	572
6	1,478	2,900	1,422	760
7	944	2,900	1,945	937
8	<u>355</u>	<u>2,900</u>	<u>2,545</u>	<u>1,104</u>
	\$16,000	\$23,200	\$7,200	\$3,502

So the present value of his eight year profits is \$3,502. If he sells the business for \$30,000 cash after he pays off the loan and wants an 11% return, he can calculate the present value. Present value of \$30,000 payment in eight years at 11% interest is \$13,018. His total income stream at present value is:

- \$ 5,000	down payment
- 11,450	present value of eight annual payments at 11%
+ 3,502	present value of net profits at 11%
<u>+ 13,018</u>	present value of \$30,000 in eight years at 11%
\$ 70	net present value

If he wants a 12% return on investment, the same payment schedule would yield a relative net present value.

- \$ 5,000	down payment
- 11,053	present value of eight annual payments of 12%
+ 3,290	present value of net profits at 12%
<u>+ 12,116</u>	present value of \$30,000 in eight years at 12%
- \$ 647	

Therefore, he would put no more than \$4,353 down if he needed a 12% return on his investment.





# *Boston Cab Company, Inc.*

TEL. 536-3033

"THE BROWN and WHITE FLEET"

60 KILMARNOCK STREET BOSTON, MASS. 02215

April 20, 1978

Emily Lloyd  
Special Assistant  
City of Boston  
Office of the Mayor  
City Hall, Boston

Dear Ms. Lloyd:

We welcome the opportunity to comment on the Boston Taxi Study, March 1978, prepared by the Mayor's Office of Transportation. We concur with the points brought out in the presentation, and consider it to be a fairly accurate, unbiased overview of the taxi industry in Boston.

We do, however, wish to respond to particular statements made in the report. On page 15, under Recommendations, the report states that "The goal of these recommendations is to provide maximum taxi service for Boston residents at a price as competitive as possible with mass transit....." The taxi industry is dedicated to providing the public with high quality service at reasonable cost, but in no way can the cost come close to being competitive with mass transit. Taxicab operators are the very epitome of private enterprise and operate without any form of Federal, state, or local government subsidies. In contrast, their "competition", mass transit is an industry heavily subsidized by Federal capital grants and the local government. Taxicabs offer the public a means of transportation that mass transit cannot begin to offer. They are ubiquitous; they are demand-responsive; they are fast, safe, secure, comfortable, and convenient. In addition to this, in Boston they offer these services at one of the lowest rates found in the United States. (See Exhibits 1, 2, and 3).

Taxi companies have been experiencing economic problems in the past several years as a result of rapid increases in gasoline prices, insurance, maintenance, equipment, telephone rates, labor costs, plus the problem of fuel shortages. Los Angeles, San Francisco, and Philadelphia have recently seen large fleets go bankrupt. Yet, it is the large fleet operators that can best service the public. According to page 8 in your report, ITOA with 650 cabs does only 10% of its business via radio dispatching, and depends on 90% of its business on informal street-hail. Obviously, the poor, the elderly, the handicapped, cannot be serviced efficiently this way.

The City of Boston Cab Association cites figures for 1977 that show a volume of \$61,019 in old age coupons used for taxis. Fleets accounted for \$40,319, or 66%, and individual cabs, \$20,700, or 34%. Of the fleets involved, Boston Cab Company alone transported 25% of this traffic. A city needs fleet operations able to maintain full-time radio dispatching, maintenance crews, and repair service to provide proper service to the disadvantaged as well as its regular clients on a 24 hour basis.

Dick Gallagher, executive vice-president of the International Taxicab Association, cites the problems with the deterioration of service New York City has been experiencing since the number of fleet cabs has decreased to 2,700 units out of 11,754 medallions.

In Boston there has not been a rate increase since 1974, and the fleets, as well as the individual owner-operators, are suffering. The U.S. Department of Labor, Bureau of Labor Statistics show that for the period 1976 to 1977 taxicab fares rose 7.3% and that from 1977 to 1978 there was a percentage change of 2.4% in all transportation, public and private. (See Exhibits 4 and 5). Obviously, if the cab industry is to remain an unsubsidized factor in urban mobility, it must be able to meet rising costs and produce a profit sufficient to warrant the owners remaining in business. There is no question that many of the maintenance problems some companies and owner-operators are experiencing, are a reflection of an outdated rate structure that exists in Boston.

(It is interesting to note that even our surrounding cities have higher rates than we do.

	<u>drop</u>	<u>additional mileage</u>	<u>first mile</u>	<u>two mile trip</u>
Brookline	.50 1/5 m	.20 1/5 m	\$1.30	\$2.10
Cambridge	.75 1/4 m	.20 1/4 m	1.35	2.05
Somerville	.75 1/4 m	.20 1/4 m	1.35	2.05
Boston	.60 4/9 m	.10 1/9 m	1.10	2.00

The suggestion on page 20 that the Police Commissioner....."set the price of medallions based on rate of return on investment....." or..."until the price of all medallions reach a level that was compatible with the profit structure of operating a cab....." is contrary to all aspects of private enterprise. One cannot attempt to set limitations or penalize the efficient taxicab operator (or liquor merchant, or doctor, or milk dealer -- all licensed) and set a limit on their profit. How does that reward the conscientious, efficient, hard-working operator, striving to get the best return for his dollar investment while providing the public with reliable, responsible service? If an owner merely wanted a pre-fixed return on investment (or the 6% public utilities strive for) he would benefit more by taking advantage of the interest-bearing services of a bank.

We find that many laws that would help to provide better taxi service in Boston have been "on the books" for many years, but the problem has been one of enforcement. We feel the most effective regulation and control of the taxi industry is to continue the control under one authority, the Hackney Division of the Police Department, and we will continue to cooperate with and assist them in bring to Boston the finest cab service in the country.



Page by page comments.

Page 8. "Compared with other cities, Boston cabs appear to be dirty." If the report is comparing Boston cabs to the other seven cities in this survey, it should be noted that Boston, as one of the most northern cities, also has the worst weather. (See Exhibit 6.)

Page 9. Boston Cab Company has never leased a cab at the rate of \$17 per shift.\*

Page 11. All Boston Cab Company cars have been inspected by the Hackney Bureau annually so the statement that the ... "annual inspection of vehicles has not been done in the last two years," is to my knowledge, incorrect.\*

Page 12. In the Cost of Regulation, it should be noted that the Department of Weights and Measures charges a fee of \$5.00 per cab for one inspection and sealing, thus bringing in a minimum income of \$7,625 annually. (Many cabs have to return for additional inspections after meter repairs.)\*

Page 22. A method should be established for issuing citations for cleanliness (decal or tag) so that the same cab will not receive multiple citations in the same day by different inspectors, as has happened in the past.

Page 26. State law requires that when a person cancels a registration, the plates have to be turned into the registry, and are not reissued. Thus the suggestion that registration plate be the same number as the medallion is not viable.

Page 25. Penalties for infractions should be more clearly defined as to with whom the responsibility rests, the driver or the owner: i.e., on a 7 A.M. to 5 P.M. shift, who is responsible for dirty ashtrays, litter, refuse found in the back seat at 2 P.M.?

Page 26. The mechanics of sanding off plastic shields in the transfer of ownership would create a bottleneck in getting cabs on the street. In the 1930's, regulations required that the Police Department install medallions. The law became unenforcable due to the backup of cabs waiting to have their medallions installed.

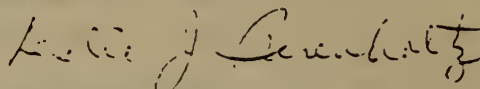
Suggestions.

1. Establish a surcharge for all radio-dispatched pick-ups.
2. Provide more cab stands at realistic locations.
3. Enforce the no-parking ban at cab stands.
4. Police out-of-town cabs operating in the city.
5. Incorporate the \$.50 surcharge into the meter rate.

\*Editor's Note: The final report has been changed to reflect these comments.

We're looking forward to discussing these matters with you further.  
Thank you very much.

Yours truly,

A handwritten signature in cursive script, appearing to read "Leslie Barenholtz".

Leslie Barenholtz  
Treasurer



## Exhibit 1

Out of 24 cities for which cab rates were readily available from the International Taxicab Association, Boston ranks number 13 for a cab ride of two miles or more, and number 6 for a one mile ride, yet the U.S. Department of Labor Bulletin, Autumn 1976, ranks Boston as number 1 for the annual cost of an intermediate budget for a family of four.

Rank	Area	Amount	First Drop	One Mile	Two Miles
1.	Boston, Mass.	\$19,384	.60	\$1.10	\$2.00
2.	New York - Northeastern N. J.	18,866	.75	1.35	2.05
3.	Milwaukee, Wisc.	17,307	.95	1.35	1.85
4.	Hartford, Conn.	17,238			
5.	San Francisco-Oakland, Calif.	17,200	1.00	1.80	2.70
6.	Buffalo, N.Y.	17,175	.75	1.35	2.05
7.	Washington, D.C. -Md. -Va.	16,950	.60	.95	1.65
8.	Philadelphia, Pa. - N.J.	16,836	1.00	1.50	2.10
9.	Minneapolis - St. Paul, Minn.	16,810	.75	.85	1.45
10.	Portland, Maine	16,633			
11.	Champaign-Urbana, Ill.	16,578			
12.	Chicago, Ill. - Northwestern Ind.	16,561	.50	.95	1.85
13.	Detroit, Mich.	16,514	.70	1.30	2.00
14.	Cleveland, Ohio	16,412	.85	1.35	1.95
15.	Seattle-Everett, Wash.	16,204	.90	1.50	2.20
16.	Baltimore, Md.	16,195	.60	1.10	1.60
17.	Los Angeles-Long Beach, Calif.	16,016	.80	1.40	2.20
18.	Green Bay, Wisc.	16,008			
19.	San Diego, Calif.	15,989	.80	1.40	2.10
20.	Cedar Rapids, Iowa	15,976			
21.	Indianapolis, Ind.	15,911	.75	1.25	1.85
22.	Denver, Colorado	15,906	.80	1.20	1.80
23.	Cincinnati, Ohio - Ky. - Ind.	15,708	.85	1.45	1.95
24.	Lancaster, Pa.	15,685			
25.	Kansas City, Mo. - Kansas	15,628	.70	1.10	1.70
26.	St. Louis, Mo. - Ill.	15,623	.75-85	1.25-1.55	1.85-2.15
27.	Durham, N.C.	15,525			
28.	Pittsburgh, Pa.	15,515			
29.	Wichita, Kansas	15,102	1.00	1.90	2.50
30.	Dayton, Ohio	15,101			
31.	Bakersfield, Calif.	15,004			
32.	Houston, Texas	14,978	.75	1.75	2.35
33.	Atlanta, Ga.	14,830	.60	1.10	1.70
34.	Nashville, Tenn.	14,821			
35.	Dallas, Texas	14,699			
36.	Baton Rouge, La.	14,472	.65	1.10	1.70
37.	Orlando, Fla.	14,378			
38.	Austin, Texas	14,209			
	Urban United States Average	16,236			
	Anchorage, Alaska	23,071			
	Honolulu, Hawaii	19,633			

\* ANNUAL COSTS OF AN INTERMEDIATE BUDGET  
For a Four-Person Family

Urban United States and 38 Metropolitan Areas  
Ranked According to Total Cost of Budget  
Autumn 1976

U.S. Dept. of Labor  
BLS - Boston  
4/27/77

Of nine cities with populations from 600,000 to 750,000, Boston has the lowest cab fares, except for Memphis, Tennessee, which imposes a .20 surcharge for extra passengers.

INTERNATIONAL TAXICAB ASSOCIATION  
TAXICAB RATES BY CITIES

CITY & STATE	POP (PER M)	LIC	DROP CHARGE S	ADDL MILEAGE S	MILE	TRAFFIC DEL. DOLLAR/HR	EXTRA PASS.	ONE MILE	TWO MILE
New York, N. Y.	7867	11754	.75	10	1.7	\$7.20			
Chicago, Ill.	3366	4600	.50	10	1.5	8.00	.20		
Los Angeles, Calif.	2816	800	.80	35	2.0	7.92			
Toronto, Canada	2085	2400	.70	10	1.7	6.00	.20		
Philadelphia, Pa.	1948	1750	1.00	10	1.6	6.00			
Detroit, Mich.	1511	1358	.70	10	1.7	6.00			
Dade County, Fla.	1268	1440	.80	20	1.4	7.92			
Houston, Tex.	1232	614	.75	20	1.3	7.20			
Baltimore, Md.	905	1151	.60	10	1.5	6.00	.25		
Dallas, Tex.	844	507	.65	10	1.6	6.00			
Salt Lake City, Utah	814	100	1.50	20	1.3	6.00	.50		
Pr. Geo. County, Md.	764	8500	.60	10	1.5	6.00	.20		
Washington, D.C.	764	8500	.60	35	1.2	2.00	.40		
Washington, D.C.	764	8500	.85	20	1.3	6.00		\$1.35	\$1.95
Cleveland, Ohio	750	560	.75	10	1.6	6.00	.25	1.35	1.95
Indianapolis, Ind.	744	482	.90	20	2.9	9.00		1.60	2.50
San Francisco, Calif.	715	843	.95	10	1.5	7.20		1.35	1.85
Milwaukee, Wis.	696	355	.80	10	1.7	6.00		1.40	2.10
San Diego, Calif.	654	518	.85	20	1.3	6.00		1.25	1.85
San Antonio, Tex.	641	1525	.60	10	1.9	7.00		1.10	2.00
Boston, Mass.	623	400	.55	10	1.5	6.00	.20	.95	1.45
Memphis, Tenn.	622	1267	.75	10	1.6	4.00	.20	1.25	1.85
St. Louis, Mo.	622	1267	.75	10	1.6	6.00			
St. Louis Airport, Mo.	593	1500	.75	10	1.5	6.00			
New Orleans, La.	581	105	.70	10	1.7	7.50			
Phoenix, Ariz.	539	360	.70	20	2.7	6.00			
Columbus, Ohio	530	316	.90	10	1.7	8.70	.20		
Seattle, Wash.	528	270	.60	20	1.3	9.00	.50		
Jacksonville, Fla.	520	550	1.00	10	1.6	6.00			
Pittsburgh, Pa.	514	317	.80	10	1.3	6.00	.20		
Denver, Colo.	507	542	.70	20	1.3	6.00			
Kansas City, Mo.	496	1200	.60	10	1.6	6.00	.25		
Atlanta, Ga.	462	212	.75	10	1.7	8.00			
Buffalo, N. Y.	455	125	.60	20	1.6	6.00			
Fairfax County, Va.	452	550	.85	20	2.7	6.00			
Cincinnati, Ohio	447	160	.80	20	1.3	10.00	.20		
Nashville, Tenn.	445	99	.70	10	1.7	6.00			
San Jose, Calif.	440	603	.60	10	1.4	3.00			
Edmonton, Albt.	434	295	.75	10	1.6	6.00			
Minneapolis, Minn.	408	109	1.00	10	1.7	9.60			
Vancouver, Canada									

## Exhibit 3

In comparing price changes in eleven cities with the Consumer Price Index, Boston shows the fifth highest rate of change, yet has the next to lowest cab rate. (It is difficult to accurately use Washington, D.C. in the comparison due to their zone structure for rates.)

	<u>CLI</u>	<u>Mile</u>	<u>Two Mile Ride</u>
1. Washington, D.C.	190.9	\$.95	\$1.65
2. New York	190.7	1.35	2.05
3. Philadelphia	189.4	1.50	2.10
4. San Diego	189.3	1.40	2.10
5. Boston	187.5	1.10	2.00
6. Detroit	187.2	1.30	2.00
7. Dallas	186.7	*1.10	1.70
8. Cleveland	186.6	1.35	1.95
9. Seattle	186.1	*1.50	2.20
10. Milwaukee	183.2	1.35	1.85
11. Chicago	182.4	*.95	1.85

\* These cities have surcharges for extra passengers.

TABLE 8. Consumer Price Index—The United States and selected areas for urban wage earners and clerical workers, all items most recent index and percent change from selected dates

Area 1/	Pricing Schedule 2/	Indexes			Percent change from:		
		1967=100	1957-59=100	Other bases			
		✓ February 1975			February 1977	November 1977	January 1978
U.S. City Average	M	138.1	219.0		6.1	1.6	0.7
Chicago	M	182.4	207.3		6.5	1.7	.8
Detroit	M	187.2	215.1		6.9	1.5	1.0
Los Angeles-Long Beach	M	185.8	218.5		5.4	1.5	.2
N.Y.-Northeastern N.J.	M	190.7	226.9		4.7	1.2	.7
Philadelphia	M	189.4	221.1		6.0	1.1	.9
		✓ January 1978			January 1977	October 1977	
Boston	1	187.5	224.6		4.3	1.0	
Houston	1	196.1	224.4		6.0	1.8	
Minneapolis-St. Paul	1	190.5	220.8		4.3	1.3	
Pittsburgh	1	184.3	212.6		6.0	.8	
		✓ February 1978			February 1977	November 1977	
Buffalo	2	4/ 187.5		1/204.0	5.6	1.2	
Cleveland	2	184.6	210.6		5.7	1.2	
Dallas	2	186.7		1/201.9	6.6	1.6	
Milwaukee	2	193.2	206.3		5.5	.9	
San Diego	2	189.1		4/199.0	7.2	1.4	
Seattle	2	186.1	218.7		9.6	2.0	
Washington	2	190.3	222.4		7.0	1.5	
		December 1977			December 1976	September 1977	
Atlanta	3	184.3	212.2		7.1	.8	
Baltimore	3	190.7	221.4		6.9	1.0	
Cincinnati	3	184.7	211.3		7.0	.8	
Honolulu	3	174.3		5/188.6	5.7	.9	
Kansas City	3	192.7	216.8		7.0	1.2	
St. Louis	3	190.5	210.3		7.1	.8	
San Francisco-Oakland	3	187.1	222.8		9.7	1.8	

1/ Area coverage includes the urban portion of the corresponding Standard Metropolitan Statistical Area (SMSA) except for New York and Chicago where the more extensive Standard Consolidated Areas are used. Area definitions are those established for the 1960 Census and do not include revisions made since 1960.

2/ Foods, fuels, and several other items priced every month in all cities; most other goods and services priced as indicated:

M - Every month.

1 - January, April, July, and October.

2 - February, May, August, and November.

3 - March, June, September, and December.

4/ November 1963=100.

5/ February 1965=100.

6/ December 1963=100.

7/ Rev. Index for November 1977, 185.1

NOTE: The Consumer Price Index cannot be used for measuring differences in living costs among areas; it indicates price change within areas. Estimates of differences in living costs among areas are found in the family budgets.



LABOR DEPT. -- BOSTON CONSUMER PRICE INDEX, JANUARY 1978

## CONSUMER PRICE INDEX FOR URBAN WAGE EARNERS AND CLERICAL WORKERS\*

UNREVISED

BOSTON, MASSACHUSETTS

(1967=100)

	JANUARY 1978			Percent	1977 Annual Averages	
	Percent change:			change	Percent change:	
: INDEX:	from			from	INDEX:	
	: OCT. '77	: Jan. '77	: Dec. '77:		: from	: 1976
ALL ITEMS	187.5	1.0	4.8		183.4	5.1
Food	196.1	1.3	7.3	0.9	190.9	4.3
Food at home	194.1	2.2	8.0	1.6	188.2	3.7
Cereals and bakery products	192.5	0.6	5.8	-0.3	187.5	2.1
Meats, poultry, and fish	186.4	2.5	7.7	3.5	178.2	-1.8
Dairy products	171.5	1.4	4.4	1.1	166.7	1.0
Fruits and vegetables	189.7	5.6	6.9	2.0	189.9	4.5
Other Foods at home	232.2	0.9	13.4	0.3	223.1	15.8
Food away from home	203.0	-1.5	4.7	-1.6	200.7	6.0
Housing	190.7	2.0	4.4		185.5	5.9
Shelter 1/	187.1	2.0	4.1		182.4	6.5
Rent	170.0	0.9	4.8		166.2	6.1
Homeownership 2/	194.1	2.5	3.7		189.0	6.6
Fuel and utilities 3/	215.2	2.7	5.5		207.7	7.2
Fuel oil and coal 4/	284.8	3.5	9.8		270.1	10.2
Gas and electricity	193.9	3.7	2.5		187.8	5.0
Household furnishing and Oper.	182.4	1.3	4.5		178.1	3.4
Apparel and upkeep 5/	160.9	-1.0	4.8		157.3	2.3
Men's and boys'	149.8	-0.7	4.4		147.0	4.9
Women's and girls'	159.5	-3.2	4.4		156.2	-1.6
Footwear	164.9	2.2	5.4		160.7	5.6
Transportation ✓	207.9	0.2	2.4		206.8	6.8
Private	214.1	0.1	2.4		213.2	7.3
Public	159.3	0.7	2.4		166.9	2.7
Health and recreation	172.8	0.2	4.0		169.4	5.1
Medical care	197.3	0.3	5.7		192.1	8.2
Personal care	170.0	0.4	4.8		165.9	4.9
Reading and recreation	162.4	0.5	2.7		159.7	2.9
Other goods and services 6/	151.0	-0.2	3.1		160.7	4.2

All items on the 1957-59 base is 224.6 for January and 219.7 for Annual Average.

\*Includes single workers

1/ Also includes hotel and motel rates not shown separately.

2/ Includes home purchase, mortgage interest, taxes, insurance &amp; maintenance &amp; repairs.

3/ Also includes telephone, water, and sewerage not shown separately.

4/ Called "Solid and petroleum fuels" prior to 1964.

5/ Also includes infants' wear, sewing materials, jewelry and apparel upkeep services not shown separately.

6/ Includes tobacco, alcoholic beverages, and funeral, legal and bank service charges.

2/27/78

Table 4-A. CPI—nonfood commodities and services, U.S. 1977 annual average—Continued

(Consumer price index for urban wage earners and clerical workers, 1987=100)

Item and group	Other Index base	Indexes		Percent change
		1976	1977	From 1976 to 1977
Transportation—Continued				
Public		174.2	182.4	4.7
Local transit fares		173.3	178.5	3.0
Taxicab fares		176.9	189.9	7.3
Railroad fares, coach		164.3	180.6	9.3
Airplane fares, chiefly coach		172.2	182.0	5.7
Bus fares, intercity		196.9	223.5	13.5
Health and recreation				
Medical care *		163.3	173.7	6.4
Drugs and prescriptions		184.7	202.4	9.6
Over-the-counter items		126.0	134.1	6.4
Multiple vitamin concentrates		138.9	148.5	5.9
Aspirin compounds		105.7	108.8	2.9
Liquid tonics		139.0	148.0	6.5
Adhesive bandages, packages		120.5	122.2	1.4
Cold tablets or capsules		182.8	207.4	14.6
Cough syrup		131.1	136.0	3.7
Cough preparations		145.5	155.6	6.9
Prescriptions		115.2	122.1	6.0
Anti-infectives		73.0	75.0	2.7
Sedative and hypnotics		163.8	173.5	5.9
Anesthetics		113.2	117.3	3.6
Anticancer drugs		136.1	151.0	10.9
Cough preparations		131.4	200.8	10.7
Cardiovascular and antihypertensives		121.1	125.5	3.6
Analgesics, internal		121.0	124.9	3.2
Hormones		110.5	120.3	9.3
Professional services				
Physician fees		188.5	206.0	9.3
General physician, office visits		193.8	212.1	9.4
General physician, house visits		189.8	205.7	8.4
Obstetrical cases		192.1	207.4	8.2
Pediatric care, office visits		192.7	213.1	10.6
Psychiatrist, office visits		163.9	173.0	5.6
Intern, orthopedic, adult		169.3	181.7	8.5
Tonsillectomy and adenoidectomy		179.2	200.2	11.7
Dentists' fees		172.2	185.1	7.5
Filling, adult, amalgam, one surface		177.4	191.5	7.9
Extractions, adult		171.5	186.3	8.6
Dentures, full upper		162.3	171.0	5.4
Other professional services				
Examination, prescription, and dispensing of eyeglasses		158.9	168.2	5.9
Routine laboratory tests		160.5	169.4	5.5
Hospital services charges	Jan. 72	148.7	164.1	10.4
Semi-private rooms		268.6	299.5	11.5
Operating room charges		274.8	311.3	13.3
X-ray, diagnostic series, upper GI		174.6	189.4	8.5
Laboratory tests	Jan. 72	140.7	149.8	6.5
Anti-infectives	Jan. 72	123.2	132.4	7.5
Bronchodilators	Jan. 72	129.3	142.3	10.1
Electrocardiogram	Jan. 72	136.6	145.1	6.2
Intravenous solution	Jan. 72	144.0	155.6	8.1
Physical therapy	Jan. 72	148.8	165.6	11.3
Oxygen, inhalation therapy	Jan. 72	130.5	141.6	8.5
Personal care		160.5	170.9	6.5
Toiletries		158.5	167.5	5.7
Toothpaste, standard dentifrice		137.7	144.1	4.6
Toilet soap, hand-milled		193.5	205.5	6.2
Hand lotions		163.3	174.1	6.6
Shaving cream		135.0	139.5	3.3
Face powder		166.5	173.4	4.1
Deodorants		120.3	126.4	5.1
Cleansing tissues		217.1	234.1	7.8
Home permanent wave kits		128.6	134.3	4.4
Personal care services		162.5	174.4	7.3
Men's haircuts		163.3	173.4	6.4
Beauty shop services		162.0	175.0	8.0
Women's haircuts		186.6	210.5	12.8
Permanent waves, plain		172.5	173.0	0.3
Permanent waves, cold		175.7	183.1	4.1
Reading and recreation		181.2	187.9	3.7
Recreational goods		127.4	130.5	2.4
TV sets, portable and console		102.9	101.7	-1.2
TV replacement tubes		166.1	175.0	5.4
Radio, portable and table models		105.2	105.0	-0.2
Turntable recorders, portable		95.9	95.1	-0.8
Photograph records, stereophonic		123.7	125.8	1.7
Movie cameras, 8mm		95.5	95.9	0.4
Film, 35mm, color		125.3	132.5	5.8
Gift books		104.0	104.5	0.5

See footnotes at end of table.

## Exhibit 6

The National Air Quality & Emissions Trend Report of 1975 (Bulletin No. E.P.A. 450/1-77-002) states that with the exception of eight counties in California, one county in Colorado, one county in Texas, two counties in Illinois, two counties in Wisconsin, two counties in Pennsylvania, and three counties in Connecticut, Boston ranks highest in photochemical oxidant pollution. (See map.)

The Bulletin also ranks Boston second in the mean annual total snowfall, and along with New York, and Philadelphia, has, of the eight cities surveyed for cab service, the greatest number of days with 0.01 inches or more of rainfall.

**CITY OF BOSTON CAB ASSOCIATION****420 STATLER OFFICE BUILDING  
BOSTON, MASSACHUSETTS 02116****Tel. (617) 482-6540**

April 25, 1978

Commissioner Emily Lloyd  
Traffic and Parking Department  
One City Hall Square  
Boston, Massachusetts 02201

Dear Commissioner:

In accordance with your request for comments on the Boston Taxi Study dated March, 1978, the City of Boston Cab Association (CBCA) has prepared the following report.

The information contained in this response has been compiled from data furnished to us by regulatory personnel and members of the taxi industry in various cities throughout the United States, as well as the Department of Labor, accountants, finance people and other individuals and organizations who work closely with the cab industry. The CBCA believes that this comprehensive study pinpoints a considerably different set of problems, and their related solutions than those described by the Boston Taxi Study, dated March, 1978. The following text is a discussion of the CBCA findings. The report has been divided in to the following four sections: I. Financing, II. Cabs Per Capita, III. Profitability of Cab Ownership, and IV. CBCA Position on Boston Taxi Study.

I. Financing. The Boston Taxi Study premise that interest rates charged for cab and medallion financing are excessive and create severe cost pressures on the small owner, is not true and is unsubstantiated in fact. Our in depth study has revealed that most owners who apply for financing have limited economic resources and would be unable to generate the required capital to purchase their own businesses. Today the Boston Taxi Industry abounds with a large number of success stories of operators who prospered and grew with the aid and cooperation of the finance community.

Interest rates are determined by the degree of risk involved in financing. Taxi industry interest rates, as well as those for all other types of financing, are primarily determined by the length of time the obligation will be outstanding, and the amount and nature of the security pledged as collateral. As reiterated in Section III of this report (Profitability of Cab ownership), a fixed monthly medallion payment is the only cost guaranteed not to increase over an eight year period. Should the finance company's cost of capital increase during this period the owner is protected from incurring any additional costs. When interest rates are established on medallion loans, finance companies must take into account their



future cost of capital. Most medallion loans are secured by the medallions they are used to purchase. These medallions are intangible assets. The risk incurred by finance companies when accepting these medallions as collateral, has been increased substantially due to the recent decline in the market values of medallions in the City of Boston. As the risks incurred by finance companies increase, interest rates increase.

A comparison of interest rates charged for cab and medallion financing with those charges for other types of financing leads to conclusions somewhat different from those drawn by the Boston Taxi Study. Finance rates for home improvement loans are generally about the same as rates for medallion financing. These home improvement loans are highly secured and are collateralized by the borrower's home, a collateral which usually shows steady increases in value. Small business and equipment leasing interest rates appear to be comparable to rates charged for medallion financing.

The assessment of excessive interest rates in the Boston Taxi Study becomes even more surprising when compared to the rates the Commonwealth of Massachusetts has authorized for auto insurance financing on the unpaid balance on insurance premiums. This rate can be charged at rates substantially in excess of those charged for medallion loans. Volatile interest rates are clearly a reflection of today's economic climate. This CBCA study indicates that cab and medallion financing is well within reasonable guidelines for risks of a similar nature.

To further ascertain the propriety of finance rates for the cab industry in the City of Boston, we examined finance rates in other cities throughout the United States. In New York City, for example, we found interest rates as high as 24% for medallion loans with terms as little as five years.

In Denver, Colorado, the rate is eighteen (18%) per annum (See attached letter from Independent Drivers Association). The average financing rate in Boston ranges are considerably lower. Once again, it is the belief of the CBCA that finance rates for the cab industry in the City of Boston, appear to be reasonable.

In order to create free competition within the finance community, cooperation by the Police Commissioner will be required to minimize the risk attributable to the current procedures of the Commissioner in reference to the protection of the finance company's security.

II. Cabs Per Capita. Our examination of the cabs per capita ratio in the City of Boston highlighted a major inconsistency in the Boston Taxi Study. On Page 20 the study discusses its reasons for wanting to increase the number of medallions issued in Boston by 10%. The study goes on to describe a system by which current owners would be compensated for the resulting loss in medallion value. With most cab owners already struggling to keep pace with the rapidly increasing costs of cars, gasoline, insurance and repairs, more competition for fares hardly seems to be in the best interest of the cab owner and cab driver.

In Table 2, the Boston Taxi Study indicates that Boston has the greatest number of licensed cabs per capita of the major metropolitan areas surveyed. It is the

opinion of the CBCA that increasing the number of medallions in Boston would severely lessen public confidence in the free interplay of supply and demand in the cab industry. It is our belief that this action would damage any chance the small businessman with limited resources, has of surviving in an already overcrowded market. Gross income would be allocated over more units thus diminishing net income and forcing more deterioration of equipment.

This would more importantly reduce the number of drivers as their wages would sharply diminish. Our goal is that all drivers earn wages in a proper manner above the poverty level and attract more people to the industry.

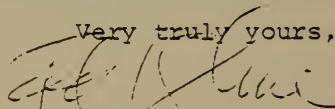
III. Profitability of Cab Ownership. The cab industry in the City of Boston has become less and less profitable during the 1970's. Inquiries made to the U. S. Department of Labor indicate that the overall consumer price index for Boston has increased by more than 57% since 1970. The cost of gasoline and repairs has almost doubled since that time. Insurance and automobile costs have skyrocketed to the point that many owners have been forced out of business. Fare increases have not kept pace with rapidly increasing costs of operations. This relationship of income to costs is the prominent problem faced by the cab industry today. Medallion financing has enabled owners to obtain a fixed interest rate which does not increase with the consumer price index. This provides owners with protection against inflation. The decline in cab profitability must therefore be blamed on the rapidly increasing costs of gasoline, repairs, automobiles and insurance without corresponding fare increases. Furthermore, when fare increases are granted, they usually take effect as a response to a period of increased costs. It is this lag effect which always puts the cab owner in the position of playing "catch up". The CBCA proposes that rate increases be issued in anticipation of increasing costs of operations.

IV. CBCA Position on Boston Taxi Study. The attached is the CBCA position on some of the recommendations contained in the Boston Taxi Study.

### Conclusion

In conclusion, it is the hope of the CBCA that all parties involved with proposed changes in the taxi industry retain the perspective that these recommendations will effect more than just the way an impersonal set of rules and regulations are written they will affect the lives and livelihoods of thousands of men, women and children throughout the City of Boston. For many years the taxi industry, assisted by the finance community, has provided industrious self-educated people often minorities, and people of foreign birth, with the opportunity to be in business for themselves. This stepping stone is one of the last chances for people with limited capital and skills to be afforded the responsibility and rewards of business ownership. Indeed the backbone of the industry lies in its owner/operator, who together with the fleet operator proudly provides highly professional service to the public. The CBCA is grateful to have been afforded the opportunity to have input into decisions which could have such tremendous impact on the lives of the many people who depend on the taxi cab industry in the City of Boston.

Very truly yours,



Ted Kline  
Secretary

<u>Recommendation</u>	<u>CBCA Position</u>	<u>Comments</u>
A 1, a	Strongly Disagree	See paragraph I <u>Financing</u> attached and conclusion
b	Strongly Disagree	Would prevent many people from entering into the industry. Would also be a restraint of the free enterprise system.
c	Strongly Disagree	This would deter new comers from coming in to the industry and along with creating a financial burden for preparations.
A 2, a, b.	Strongly Agree	These disclosures are already provided
A 2, c	Agree	The best way to expand the number of lenders is to make the Police Commissioner more aware of the industry's problems and more co-operative with financial institutions.
A 2, d	Strongly Disagree	See paragraph I <u>Financing</u> . Would destroy equity of small operator, his life's savings.
A 3, a	Agree	Individual should consult with his/her own attorney.
A 3, b,c,d	Strongly Agree	These disclosures are already being made.
B 1,2,3,4	Strongly Agree	Schedule should be developed between Hackney and Taxi Industry.
B 5	Agree	The industry will support any insurance coverages available, provided the rate structure is sufficient to cover the cost.
B 6	Agree	
B 7	Agree	Excluding real estate taxes
B 8	Tied to meter rate increase	
B 9	Disagree	See Paragraph III <u>Profitability of Cab Ownership</u> attached
B 10		Further information needed in order to evaluate.
B 11,12,13	Strongly Agree	
B 14	Strongly Disagree	Would reduce labor force and place undue burdens on taxi owners with problems of other agencies.
B 15	Agree	However, should take place in first 4 months of medallion fiscal year not calendar year.



<u>Recommendation</u>	<u>CBCA Position</u>	<u>Comments</u>
B 16, 17, 18, 19, 20	Strongly Agree	The rate increases have never matched inflation
C 1, 2, 3		
C 4	Strongly Agree	The rate card should be revised and all special fares and surcharges be incorporated into general meter increases.
C 5	Disagree	Not in best interest of the public.
D 1 - 9	Requires further study and information	
E		The taxi industry is concerned with the elimination of the indifference, delays and social experimentation and requires further study with cooperation between the Boston Taxi Industry and the Boston Police Commissioner.





## INDEPENDENT DRIVERS ASSOCIATION

3254 Larimer Street - Denver, Colorado 80205

(303) 571-5213

Hi or Dave Pallin  
Park Credit Corp.  
101 Park St.  
Chelesa, Mass.

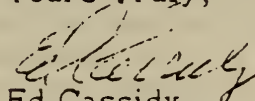
April 14, 1978

Dear Mr Pallin:

This last year has been our first year in an Owner/Driver Program with Denver Yellow Cab, Inc. We are the labor union which negotiated the enclosed contract.

Would your corporation be interested in financing cabs for our members? We presently finance through Yellow Cab Denver at 18% per annum.

Yours Truly,

  
Ed Cassidy  
Vice President  
I.D.A.

*President*  
MAX DOBRO  
  
*Vice President*  
MELVIN V. KAPLAN  
  
*Directors*  
STANLEY ABLEMAN  
ARTHUR BLOCK  
EDWARD GOLDSTEIN

J-19  
*Treasurer*  
FELIX TESTA  
  
*Secretary*  
ABRAHAM RICHSTEIN  
JOHN HARVEY  
TORO MOUSHIGIAN  
WILLIAM PARSON  
WILLIAM SWETT

## INDEPENDENT TAXI OPERATORS ASSOCIATION

223 ALBANY STREET

Tel. 426-3438

BOSTON, MASS. 02118

26 April 1978

Commissioner Emily Lloyd  
Traffic and Parking Department  
One City Hall Square  
Boston, Massachusetts

Dear Commissioner:

The Independent Taxi Operators Association feels that it is representative of a cross-section of the taxicab industry in Boston. It numbers amongst its members, single taxicab owners (who operate their own taxicab) and fleet owners with 30-40 taxicabs. The Association is sensitive to all the problems concerning taxicab ownership in the City of Boston.

The Independent Taxi Operators Association has reviewed the Boston Taxi Study of March, 1978, and has comments to make with reference to the report. It is the aim of the Association to work for the best interests of all concerned. The Association led the way in many of the programs that are in effect in the industry today. Since any action taken as a result of the Boston Taxi Study will materially affect the membership, we therefore make the following comments as an overview:

As to the financing and cost of medallions, we noted during our review of the Boston Taxi Study, that the report cited interest rates charged for loans as a major problem within the industry. Our research on this subject has provided us with new insight into this matter. As independent, small businessmen, we of the Independent Taxi Operators Association feel privileged to be able to own and manage our own corporations. We are grateful to Boston's financing institutions who provide us with an opportunity to enter into business for ourselves. We of the Independent Taxi Operators Association believe that the Boston Taxi Study places the blame for problems of the cab industry on the institutions which have helped us more than any other group or government agency.

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Commissioner Emily Lloyd

26 April 1978

The Independent Taxi Operators Association believes that the labeling of interest rates as excessive is insensitive to the problems of the small businessman. Interest rates are determined in a free market. As owner/operators, we are able to seek out the financing institutions which provide us with the best financing arrangements and the best service. Any lending institution charging excessive interest rates would soon find itself unable to compete for new loans.

Interest rates are directly determined by the degree of risk incurred when making a loan. Payback periods as long as eight years coupled with recent declines in medallion values are components of a high risk factor. We of the Independent Taxi Operators Association are deeply concerned that uncertainty over rules and regulations in Boston's taxi industry is increasing this risk factor rather than aiding the owner/operator toward becoming a better credit risk. The Independent Taxi Operators Association believes that a more stable system of regulating the cab industry will encourage more lending institutions into the medallion financing market. The influx of additional financing sources into the cab industry should enable owner/operators to obtain loans at interest rates determined by the free interplay of supply and demand. The need for a more stable pattern of medallion regulations is made even more acute because most cab industry loans are collateralized by medallions which have been continually subject to changing policies of the Police Commissioner.

We of the Independent Taxi Operators Association believe the industry and the public will be best served if the relationship between the owner/operator and the finance community is strengthened. We are concerned that the findings of the Boston Taxi Study are likely to damage this relationship.

As to the issuance of new medallions, it is our position that new medallions would upset the market immediately in a way far greater than indicated in the report.

By keeping medallion values at the present level, you allow individuals to create equity, and build their interest, leading to their future security.

There is not enough business now to generate proper income for the 1525 medallions issued. By increasing their number it would serve only to spread out even thinner the revenues, and the industry would not be able to survive.

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Commissioner Emily Lloyd

26 April 1978

We agree in theory that higher insurance coverage would be beneficial, but in practice it is presently unaffordable and unobtainable in a proper manner.

We would suggest a catastrophe policy with a \$20,000.00 deductible, covering to \$100,000.00.

This would allow the taxicab to cover the first \$20,000.00 of any claim (\$5,000.00 compulsory), and give him extra protection where needed. Because of the deductible, the insurance would be reasonable.

We suggest that the program could be established with one or more companies through the auspices of the insurance commissioner.

The question of regulations and violation control should be handled completely through the Police Department Hackney Carriage Division, which has clearly demonstrated a successful ability to enforce the rules.

Violations as to equipment should be viewed in proper perspective.

We suggest vehicle inspection coincide with the Registry of Motor Vehicles.

We firmly state that full and complete hearings on all violations be held.

We must oppose sharp increases in fines and penalties, especially "set" fines. This would eliminate extenuating circumstances, would infringe on hearing purposes, and create further economic hardship.

As to suspension after three violations, we would be entering an area of no return. What would constitute a violation? How is it determined? What hearing procedure would be available? To eliminate problems, we suggest a more vigorous enforcement of the present rules and regulations which are inclusive, and provide for fair implementation.



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Commissioner Emily Lloyd

26 April 1978

CONCLUSION: In 1975, Cambridge Systematics recommended a 22% increase but the industry only received the equivalent of 10%, plus a surcharge, two years after application was made.

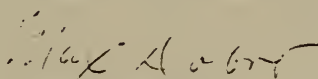
We feel that if a proper fare increase were given, the increased revenue would enable the taxicab owners to eliminate many of their problems and infractions stated. Also, the industry by keeping abreast with inflation, would remain healthy and viable to attract proper people into taxicab ownership.

The taxicab industry, though not a public utility, and not receiving any subsidies, is regulated both in operation and in revenue charges. However, it is forced to purchase its equipment, insurance, gasoline, and various business necessities in an unregulated marketplace. Inflation has taken its toll. There must be an equal opportunity given to the industry to function in normal business fashion within the city.

Most of the woes connected with the industry are based on economics. If there is not enough income to go around, something must fall. Taxicabs are, in a final analysis, subject to all of the rules of business - income, expenses and capital.

They must be given the necessary revenue, since it is regulated, to operate.

Very truly yours,

  
MAX DOBRO,  
President

amc



ALL CABS  
RADIO DISPATCHED  
787-4000

# Red & White Cab

3162 Washington Street

Jamaica Plain, Massachusetts 02130

April 28, 1978

The stated goal of the Boston Taxi Report's recommendations is to "provide maximum taxi service to Boston residents" at a price competitive with other forms of urban transportation. The Mayor's office of Transportation has asked representatives of the Boston Taxi Industry to comment on these recommendations with respect to the report's overall aim. We at Red & White Taxi Association feel that a regulating agency's role should be the direct monitoring of the quality of service offered the citizens of Boston rather than involvement with taxi industry's financial underpinnings.

The study implies that the financing problems of the Boston Taxi Industry are unique, and cause pressure for rate increases. Unfortunately the study does not compare the cab business to other cash retail businesses. Buying a taxi medallion is no different from buying a liquor license, towing permit, or any other license to operate in a regulated, limited entry business. Incurring a financial obligation (medallion purchase price), and being able to pay that obligation over a period of time, is a good indication of financial stability and a guarantee of ownership responsibility. This obligation usually does not fluctuate and is figured into the prospective owner's projected cost. Pressure for price increases comes from

increases in operating costs rather than from a fixed financial obligation. Recent experience has shown that it is large fleets that do not have medallion payments that is causing the greatest pressure for rate increases. Small operators usually oppose these increases.

We feel that the recommendations presented in Section A do not represent the proper approach to attain the study's goals. It is questionable that they can even be enforced without violating the legal rights of the particular individuals involved. The recommendations in Section A seek to put controls on medallion financing which do not generally exist in the business community. The Cambridge Systematics Study did not find evidence of market manipulation by the medallion financiers and the balance of the taxi report does not convincingly support a case for these extraordinary financial controls.

#### B. Regulating Quality of Service

An individual who leases a cab is self-employed and can not be covered by workman's compensation. (This should be plainly stated in a formal lease agreement with no doubts left in the minds of the lessee or lessor. Also he is solely responsible for his own State, Federal, and Social Security taxes as well as his own health insurance.)

The present hackney rules are outdated and vague. The police departments should consult members of the taxi industry and all other interested parties in completely revising the taxi rules so that they are reasonable and enforceable. With a sensible program of regulation and a well informed taxi industry, vehicle appearance and service will improve markedly.

A systematic inspection program should be developed. It should be detailed and consistent with requirements clearly spelled out. For example, define what is a clean cab or an acceptable dent. Consistent



rather than selective enforcement is the key to upgrading the quality of taxi service.

Requirements for obtaining a taxi license should be stiffened. Drivers should be required to attend lectures on safe driving techniques, and the driver's test should be expanded to include questions on hackney rules and regulations. Hackney should issue temporary licenses which would be made permanent only after the individual's satisfactory performance as a cab driver, and passing a more detailed exam on Boston geography. These courses and exams should be given at night for the convenience of part-time drivers who have full-time jobs.

In reference to payment of back taxes, it is surprising that the hackney division and the police department would be interested in becoming a collection agency for the city. However, if all city licensing authorities required licensees to pay all back taxes, parking tickets, etc. before renewing licenses or issuing permits, there would be no reason why the hackney division should not conform. For instance if the licensing division required all holders of DPU permits to pay in full their back taxes in order to renew or transfer their licenses, the cab industry could not claim to be a victim of selective enforcement. These rules should apply to everyone.

Concerning parking tickets, the driver should be solely responsible for paying them. Under the present system if the cab owner cannot get the driver to pay, he is liable. An owner should be notified more quickly of parking tickets issued so that he can collect the fine from the driver. This would deter the driver from parking illegally and further ensure that tickets are paid more promptly. Tags on cabs should be marked for quick processing towards this end. In other parts of the country, tickets are processed within twenty-four hours and the owners are notified. Dade County Florida's system for notifying auto



rental fleets of parking tickets should be investigated and emulated.

In closing this section we feel that mention of insurance coverage is too casual. The rising cost of minimum coverage alone has put a severe financial burden on all Boston Taxi owners. A complete study should be done on taxi insurance in a series of meetings with all concerned parties including the Insurance Commission, Insurance Companies, the police commissioner, the Mayor's office, and the cab industry. This study should result in a more economic means for a cab to get insurance and more insurance protection for the taxi rider.

#### C. Price of Service Regulation

This regulating procedure would be a tremendous financial burden on the city. The analysis would require costly specialists to analyze essentially unrelated facts. Although a rate card revision and meter rate adjustment are definitely needed, a variable rate system is not. It would add confusion and offer an opportunity for abuse.

#### D. Stimulating Taxi Demand

Any and all of these ideas are excellent. Increasing primary demands for taxi service fits well with on-going programs concerning energy conservation and air pollution control.

#### E. Management of Regulation

The taxi industry is licensed by the police commissioner and therefore should be regulated by the police department.

Finally, we wish to express our disappointment that the report did not express the problems of the cab driver's personal safety and illegal operation of unlicensed cabs in Boston.

1. Driver protection and safety. Standards should be set for what an acceptable protective partition is. They should specify full length partitions with bullet resistant glass. Crime deterrent programs

should be implemented. Robbing or assaulting cab drivers too often goes unpunished. To deter these crimes, severe sentences should be meted out to convicted offenders.

2. Hackney enforcement. Preventing unlicensed cabs from doing taxi business in Boston is an age old problem. Closer monitoring of taxi performance should go hand in hand with increased prevention of unlicensed cabs doing business in Boston. Boston cabs display Boston medallions. It is not difficult to distinguish them from unlicensed vehicles. The police should be sensitized to this issue and should cooperate in stricter enforcement.

We appreciate the opportunity to participate in policy formation for the regulation of our industry and hope that our comments will influence these policy decisions. We offer our assistance in any and all programs to improve Boston's Taxi Service.

Sincerely yours,

Philip Furman  
James Freedman  
James Spiros  
Boris Furman  
Red & White Cab Association



TAXI DRIVERS & CHAUFFEURS UNION  
TEAMSTERS LOCAL 496  
650 BEACON STREET  
BOSTON, MASSACHUSETTS 02215



*Mrs. Emily Lloyd  
Trans. Commissioner*



RIDE UNION CABS



(On page 33 quote "Therefore the best way to address the concerns of the Police Dept & maintain effective regulations & promotion of taxi service is to provide the dept. with the proper management & financial resources to implement the recommendations." end of quote.

What this paragraph mean to ~~mean~~ me

It means the following:

reinsert the rule of No leasing, renting etc. of taxicabs into the Hackney Carriage book of Rules & Regulations

Raise the age requirements back to 21 years of age

Must be a resident of Boston for 5 years when applying for Hackney Carriage license. (Anyone presently licensed shall be permitted to apply or renew license when due. This applies only to new applicants.)

Have one set of Flat Rates which every must have when applying for a renewal or for a license for the first time. This rate book must be issued only by the Police Dept at a reasonable cost.

Upon termination driver must return his Hackney Carriage license to Hackney Carriage Dept. If this request fail it is suggested a deposit of 25<sup>00</sup> must be made & when you apply for your license

leasing is presently a rule in Boston.

The Canner are now seeking a rate increase

there shall be no rate increase of any kind



until leasing is rescinded.

Your own police department has cited more violations against lessee driver than at any time in its history.

Airport State Police have records available to prove that 98% (percent) of all recorded violations were from lessee drivers.

I recommend a clean cab to the riding public.  
a recommendation: a cab 2 years old or 60,000 miles.  
any cab that has exceeded this recommendation shall be replaced by at least the following: new motor, rep. a built motor or a new cab.

Dented cabs, cracked glass, cab must be cited (both driver & the owner) & given 7 days to comply the citation.

Upon any owner's termination or desire to quit the industry the medallion shall be returned to Hackney Carriage Police Dept.  
Medallions shall not be sold at a high rate.

Any holder of a medallion shall ~~shall~~ <sup>within 30 days</sup> have medallion on public vehicle for public use. (A few are holding medallions on the shelf waiting for the market rate) if they can't put medallion in use by then then they shall be returned to Hackney Carriage Dept.

What has your office done about traffic conditions in Boston?

In Boston no street parking. Only buses, cabs & trucks from 9:00 A.M. - 4:00 P.M.

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